Helmut Kohl
Can he weather the storm?
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NEWSPAPER of THE YEAR

FINANCIAL TIMES

Thursday September 10 1992 — EUROPE'S BUSINESS NEWSPAPER — D8523A

De Klerk calls for talks with Mandela to end violence

South African president F.W. de Klerk called for an urgent meeting with Nelson Mandela, leader of the African National Congress, to discuss the *problem of political violence which he said must* be resolved before talks could resume on a post-apartheid constitution. He was speaking publicly for the first time since the Ciskei killings of ANC demonstrators. Federalism also divides South Africa, Page 6

G7 shake-up: The Group of Seven's annual summits should be overhauled to re-establish their role in shaping effective leadership among the *rich industrial nations, said British prime* minister John Major. Page 16; Major plans to defy critics on Maastricht, Page 8

Kohl hits back: German chancellor Helmut Kohl shrugged off criticism and called on German industry, the opposition and the federal states to work out a common programme with the government to finance economic recovery in the east. Page 16; Unions 'favour wage limits', Page 2

General Motors launched its own US credit card, christened the GM card, which will offer *rebates of up to $3,500 on the purchase of a GM* vehicle. Page 17

Move to highlight US deficit in election

A campaign to place the federal budget deficit at the centre of the US political agenda is being launched by an influential cross-party group of politi*cians, led by defeated* Democratic presidential contender Mr Paul Tsongas (left). He said the coalition aimed to force President Bush and Governor Bill Clinton to focus during the election campaign on the deficit, on welfare entitlements and on strategies to encourage investment. Page 4

Sterling last night touched a new low against *the D-Mark in the European exchange rate mecha*nism. In late European trading, the pound hit DM2.7806, a little more than a quarter of a pfennig above its DM2.778 ERM floor, after a news agency report cited the German Bundesbank as saying the currency was a candidate for devaluation. It gained ground later to DM2.785, after the bank denied the report. Currencies, Page 34; Markets keep nervous eye on Bundesbank, Page 2

UN shooting call: British troops due to leave for Bosnia-Hercegovina should have the right to return fire, said defence secretary Malcolm Rifkind as outrage grew over the killing of two French UN peacekeepers outside Sarajevo. France and the UN commander in Sarajevo blamed the Moslem forces for the deaths. Page 16

ECC: The share price of English China Clays, world's largest producer of china clay, plunged almost a sixth from 446p to 371p after the company announced an unexpected £13m ($25m) provision against its depressed UK housebuilding and building materials business. Page 17; Lex, Page 16; London stocks, Page 27

Werner Rey, a fugitive financier wanted by Switzerland, has been tracked down in the Bahamas and his passport seized. Rey was the head of Omni Holding which folded last year in the largest corporate failure in Swiss history. He is accused of having made false statements about his companies. Page 2

Thai offshore banking: Thailand's cabinet has approved the establishment of a Bangkok International Banking Facility. It will allow foreign and local banks to set up offshore banking units to channel funds to investments in Indochina. Page 6

Northwest Airlines, fourth largest US airline, and KLM Royal Dutch Airlines, which owns a minority stake in Northwest, filed a request for anti-trust immunity with the US Department *of Transportation – a move which could herald* the integration of their operations. Page 17

US business confidence falls: Chief executives at leading US companies are markedly less confident about the country's economic outlook than they were three months ago, a survey has shown. Page 4

Austria given ultimatum: The European Commission has given Austria three weeks to cut state subsidies to a Chrysler plant near Graz or face duties of 10 per cent on minivan imports into the EC. Page 3

■ STOCK MARKET INDICES		
FT-SE 100	2,327.5	(–10.2)
Yield	5.29	
FT-SE Eurotrack 100	1,021.42	(–7.96)
FT-A All-Share	1,108.58	(–0.5%)
FT-A World Index	143.18	(same)
Nikkei	18,075.55	(+593.13)
New York close:		
Dow Jones Ind Ave	3,271.39	(+10.8)
S&P Composite	416.36	(+1.92)
■ US CLOSING RATES		
Federal Funds	3%	(3⅛%)
3-mo Treas Bills: Yld	2.962%	(2.951%)
Long Bond	99 11/32	(100 5/32)
Yield	7.249%	(7.219%)
■ LONDON MONEY		
3-mo Interbank	10 11/16%	(10 7/16%)
Liffe long gilt future	Sep 96 3/32	(Sep 96 17/32)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Oct)	$20.325	(same)
■ Gold		
New York Comex (Sept)	$342.2	(342.5)
London	$342.4	(same)

■ STERLING		
New York close:		
$	1.9725	(2.0045)
London:		
$	1.975	(2.004)
DM	2.7875	(same)
FFr	9.499	(same)
SFr	2.47	(same)
Y	243.25	(246)
£ Index	92.0	(92.4)
■ DOLLAR		
New York close:		
DM	1.414	(1.39405)
FFr	4.8165	(4.744)
SFr	1.25325	(1.2345)
Y	123.175	(122.835)
London:		
DM	1.411	(1.3915)
FFr	4.8075	(4.7375)
SFr	1.251	(1.2325)
Y	123.2	(122.7)
$ Index	58.8	(58.3)
Tokyo close Y 122.88		

Austria	Sch30	Hungary	Ft162	Malta	Lm0.30	S.Arabia	SR9.00		
Bahrain	Din1.250	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10		
Belgium	BFr60	India	Rs20	Neth	Fl 3.50	Spain	Pta200		
Bulgaria	Leva25	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14		
Cyprus	C£1.00	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00		
Czech	Kcs35	Italy	L2500	Oman	OR1.50	Syria	SyP50.00		
Denmark	DKr14	Jordan	JD1.50	Pakistan	Rs35	Thailand	Bht50		
Egypt	E£4.50	Korea	Won 2500	Philippines	Pso45	Tunisia	Din1.250		
Finland	FM10	Kuwait	Fils 600	Poland	Zl 18,000	Turkey	L6000		
France	FFr8.50	Lebanon	US$1.25	Portugal	Es190	UAE	Dh10.00		
Germany	DM3.30	Lux	LFr60	Qatar	QR12.00				
Greece	Dr250								

Italian government asks parliament for right to rule by decree

Amato seeks emergency powers

By Robert Graham in Rome

ITALY's embattled government is to seek emergency powers from parliament which would allow it to rule by decree in the event of economic emergency.

The two-month-old coalition led by Prof Giuliano Amato; prime minister, also announced a series of economic measures yesterday as it tries desperately to establish credibility in the face of *a foreign exchange crisis.*

Prof Amato said the special powers would include the right to halt approved government spending or borrowing plans without parliamentary approval, to change taxes and to speed investment in areas of the economy where it was considered necessary.

After a long cabinet meeting, the government announced it would sell off shares in Credito Italiano, one of the country's top five commercial banks, and Nuovo Pignone, the heavy engineering company controlled by ENI, the state oil concern.

The cabinet also approved a series of measures to tighten bud*getary control and tax evasion,* plus the abolition of tax exemption on Italian purchase of bonds issued by multilateral financial institutions like the World Bank and European Investment Bank. For all future purchases a 12.5 per cent tax will apply.

Industrialists and bankers had *pressed the government – in the* wake of last week's 1.75 point rise in the discount rate to 15 per cent – to generate confidence by announcing a privatisation.

The government's intention to avail itself of special powers for quick action in the event of an economic crisis could have potentially far-reaching consequences. The proposal is a recognition that *Italy's existing parliamentary* procedures are too slow to match the needs of rapid decision-making at a time of financial turbulence.

The law would permit the government to act by decree, for instance to raise revenues once a "neutral" party – defined as the governor of the Bank of Italy – accepts there is an economic crisis.

Before the measures were announced, the lira slipped slightly against the D-Mark, to close at L764.55 compared with L764.14. The Milan bourse rose nearly 2 per cent as while shares in Credito Italiano, buoyed by press leaks ahead of the *announcement, jumped nearly 14* per cent, forcing trading in its stock to be suspended.

Credito Italiano is 67 per cent controlled by IRI, the state holding company which last month turned into a joint stock company. Shares in the bank, which had total assets of L94,347bn ($7.9bn) at the end of 1991, rose 23 per cent in the last three days in what was otherwise depressed bourse. The bank earned net profits last year of L297bn.

But investors were taken by surprise by the inclusion of Nuovo Pignone in the government's sell-off plans. The company, which currently has some 12 per cent of its stock in private *hands, last year turned in profits* of L32bn on turnover of L1367bn.

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Bond column, Page 20
Currencies, Page 34
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Sweden raises money rate to 75 per cent

By Robert Taylor in Stockholm and Sara Webb in London

SWEDEN RAISED its lending rate to banks to 75 per cent yesterday and announced heavy foreign borrowing to protect the krona as Nordic financial markets suffered a second successive *day of unrest.*

The unprecedented rise in the Bank of Sweden's marginal lending rate, which governs bank deposits and borrowings with the central bank, stabilised the exchange rate but sent shock waves across the Swedish stock market. The rate was increased from 16 per cent to 24 per cent on Tuesday.

Share values fell by 2.2 per cent on the Stockholm bourse to 888.3 on the Veckans Affarer index. The insurance and banking sector were particularly hard hit.

Trading in the shares of Trygg Hansa and Skandia, Sweden's two biggest insurance companies, were suspended after Svenska Kredit, a credit insurance group controlled by the two companies, announced it had halted payments for lack of liquid funds.

The Swedish government, however, pledged to support Gota Bank, the country's fourth largest commercial bank, after it forecast a sharp deterioration in its financial position and warned that credit losses would amount to SKr8bn ($1.56bn) in 1992.

Mr Bengt Dennis, governor of the Bank of Sweden (Riksbank), said the interest rate increase was designed to "send such a

■ Markets keep a nervous eye on German Bundesbank
■ Finnish finance minister's reassurance on markka Page 2
■ Lex Page 16
■ Gotabank reports loss Page17
■ Union Bank of Finland in merger talks Page 18

strong signal that no one can doubt our commitment to defend a fixed exchange rate".

The action was accompanied by announcement of a plan for the Riksbank and the National Debt Office to raise up to Ecu31bn ($44.3bn) in foreign borrowing to support the Swedish currency.

The total volume is three times the borrowing to support sterling announced by the British Treasury last week. Other market interest rates rose yesterday. Nordbanken announced that its rate on home loans was going up by 5 percentage points to 22.5 per cent. Short-term property loans rose by 3.5 percentage points to 21 per cent.

Mrs Anne Wibble, Sweden's finance minister, said the centre-right government was prepared to see the Riksbank's interest rates rise still further if necessary. "The sky's the limit", she said. "The fixed exchange rate of the krona is the most important cornerstone of our entire economic policy."

*Ms Wibble said the Social Dem*ocratic opposition party, business organisations and trade unions all rejected devaluation. "There is a national consensus and that ought to convince the international markets."

Detailing the borrowing plans, the Riksbank said it would add currency worth up to Ecu16bn to its foreign exchange reserves using borrowings both on its own behalf and by the National Debt Office. The sums would be used for intervention in foreign exchange markets.

A "substantial part" of the Ecu16bn had already been raised, *Mr Dennis said.*

The Riksbank has formal swap agreements with the other Nordic central banks, and has called on "certain other central banks" for assistance in supporting the currency.

The National Debt Office is using separate standby credit facilities amounting to $3.4bn. Sweden is also drawing on its US and Euro commercial paper programmes to raise $2bn.

The government has instructed the National Debt Office to look at means of borrowing an additional Ecu15bn on behalf of the Riksbank if necessary.

Mr Staffan Crona, director-general of the National Debt Office, said Sweden was looking at means of raising short-term financing from the international foreign currency market.

Bengt Dennis, governor of the Swedish Central Bank, announces yesterday's interest rate rise

Yeltsin postpones visit to Japan

By Leyla Boulton in Moscow and Steven Butler in Tokyo

PRESIDENT Boris Yeltsin of Russia yesterday called off a *long-awaited trip to Japan* just four days before the visit was due to start.

Mr Yeltsin told Mr Kiichi *Miyazawa*, the Japanese prime minister, that he had to delay the talks because of various "domestic problems". A Japanese spokesman said Tokyo regretted the postponement of a meeting which "could have marked a new step in relations".

A visit to South Korea, which was to have followed the Japanese trip, was also postponed.

The delay may, on the face of it, have been inspired by a wish on Mr Yeltsin's part to avoid failure in achieving progress in a bitter territorial dispute which has dogged the two nations since 1945.

Tokyo is demanding the return of the four Kurile Islands off the Japanese northern coast, seized by Soviet troops at the end of the second world war.

Japan has refused to consider large-scale economic aid to the Russians in the absence of substantial progress in negotiations over the islands. Mr Yeltsin has also been under pressure from nationalists at home, demanding that Russia retains sovereignty over the islands.

It was feared in Tokyo that if Mr Yeltsin were unable to make substantial concessions during the planned visit, relations between the two countries could deteriorate further. The assumption was that the visit was cancelled because of the intractability of the dispute.

The decision to postpone the trip sends a signal to Japan that there are limits to how much Moscow can concede in its bid to win billions of dollars in economic assistance.

Dr Viktor Rosin, an expert at the Institute of World Economy and International Relations, said the dispute with Japan could affect Russia's foreign policy towards the rest of the world. The visit had offered Russia an opportunity to finally turn its back on its old-style foreign policy and confirm its "active involvement in the world

Continued on Page 16

Bacardi to buy Martini stake in drinks market alliance

By Philip Rawstorne in London

BACARDI believes it has found the right one. The Bermuda-based international rum company is to take a substantial stake in Martini & Rossi, the Italian vermouth and wines group, according to industry sources.

The alliance between the two privately owned drinks companies, each with sales of between $1.5bn and $2bn a year, will form the fourth largest group in the global wines and spirits industry.

General Beverage Corporation, Martini's Geneva-based holding company, said yesterday that no directors were available for comment. Bacardi International said Mr Eduardo Cutillas, chief executive, was abroad and nobody else could comment.

Martini is known to have been searching for an international partner. General Beverage, which has been advised by Mr Jacques Gelardin, of Colker Gelardin, a private investment banking firm based in London, is believed to have held talks with a number of companies, including Allied-Lyons of the UK.

A deal with Bacardi, which is reported to have been advised by J.P. Morgan, the US investment bank, would mark a further substantial step in the consolidation of the international wines and spirits industry.

Leading drinks groups have been strengthening their competitive positions in the last few years by extending their brand portfolios and distribution networks through a series of acquisitions and joint ventures.

Guinness, for example, has followed its joint venture with LVMH, the French champagne and cognac group, by buying Asbach Uralt, the German brandy company, and Pampero, the Venezuelan rum company. Grand Metropolitan acquired Cinzano, Martini's rival vermouth company, earlier this year.

Bacardi and Martini already have joint distribution companies in several markets. In the UK, they are partners with Bass, the brewer, in Westbay Distributors.

A closer worldwide alliance would establish both groups firmly in the top league of drinks companies. Bacardi rum is the world's biggest-selling brand of any type of spirit with sales last year of 22m cases. Its sales volume is nearly 10 times greater than its closest rival, Pampero.

The group has maintained an impressive growth record. But its reliance on the single drink category has been regarded as a weakness.

Martini, founded in 1863, is the sixth biggest producer of wines and spirits. It dominates the vermouth market with sales of more than 17m cases a year but, as demand for vermouth has declined, has built a brand portfolio that includes Otard, the sixth-ranked cognac, Benedictine liqueur, Offley port, William Lawson Scotch whisky, Eristoff vodka and sparkling wines.

The distribution strengths of the two companies are complementary. Martini distributes its products to 150 countries, but more than 70 per cent of its sales are in western Europe. Bacardi's main markets are the US, Mexico, Canada, the UK and Germany.

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CONTENTS

Sweden's interest rate rise draws currency dealers from D-Marks to Swedish krona

Markets keep sharp eye on Bundesbank

By James Blitz in London and David Waller in Frankfurt

DOUBTS about the durability of the Bundesbank's weekend commitment not to raise German interest rates sent further nervous ripples through the foreign exchanges yesterday.

The Bank of Sweden's decision to raise its marginal interest rate to 75 per cent forced currency dealers to sell D-Marks and buy krona.

The effective devaluation of the Finnish markka on Tuesday had sent hot money, or mobile capital, out of Scandinavian currencies and into the D-Mark and Swiss franc. But the Swedish authorities remain committed to the policy of pegging the krona to the Ecu - a crucial part of Sweden's preparations to join the EC later in the decade.

Sweden's high short-term interest rates will help to ensure short-term currency operators get a good return for holding the Swedish currency.

The move had a strong impact on foreign exchange trading inside the European Monetary System. The D-Mark, which rose strongly on Tuesday against all currencies, eased yesterday morning as the moves were announced.

However, the weakening of the D-Mark proved to be temporary, and was checked by two other factors:

- Sweden's overnight rate of 75 per cent will attract short-term speculators, but longer-dated money rates are still at levels that dealers consider too low. The cost of borrowing krona for 6 months, for example, is 15½ per cent. "This is not enough to offset fears that Sweden will devalue," said Mr Jim O'Neill, head of research at Swiss Banking Corporation in London;
- There is lingering uncertainty over the German Bundesbank's policy on interest rates.

At the meeting of EC finance ministers in Bath at the weekend, Mr Helmut Schlesinger, the Bundesbank president, said there would be no rise in Germany's Lombard rate "in current circumstances".

This remark led Mr Norman Lamont, the UK chancellor, to claim this was the first time the Bundesbank had committed itself publicly not to increase rates, and that this was "a significant outcome" of the talks.

However, German economists said yesterday that Mr Schlesinger's comments simply repeated remarks the Bundesbank president had already made after the meeting of the central bank's policy-making council last Thursday.

Mr Schlesinger this week himself played down the impression that he bowed to foreign criticism about the Bundesbank's high interest rate policies.

"There was really nothing new in what Mr Schlesinger said in Bath," said Mr Thomas Mayer of Goldman Sachs in Frankfurt yesterday.

Foreign exchange dealers were also dismayed by the Bundesbank's decision to drain a massive DM17bn ($12.1bn) from the German money market, a move which pushed call money rates up to 9.7 per cent, narrowly below the Lombard rate level of 9.75 per cent.

The markets get nervous whenever German call money rates rise near to the Lombard rate level. The Bundesbank's policy is to raise the Lombard rate if call money rates rise above it – otherwise banks are tempted to borrow money through this emergency window and sell it at a premium.

The Bundesbank is also under pressure to tighten liquidity in the German money market to get monetary growth back in line with its annual target of 3.5-5.5 per cent.

Attempts to meet the target are being undermined by recent interventions to support sterling and the lira on the foreign currency markets, which have pushed more D-Marks into the financial system.

Sweden's dramatic rate rise and the Bundesbank's unwillingness to cut rates may put even more pressure on the UK in the next few days.

Mr Jeremy Hawkins, senior economic adviser at Bank of America in London, said: "The currency markets have been given another example of a struggling European country which is prepared to raise interest rates whatever the cost to the domestic economy. They are now asking themselves whether Britain is prepared to do the same."

MINISTER REASSURES OVER MARKKA'S FLOAT

MR Iiro Viinanen, Finnish finance minister, confirmed yesterday it would be "a matter of months" before Finland could revert to a fixed exchange rate, after having floated the markka on Tuesday, writes Robert Taylor in Stockholm.

Mr Viinanen told the Financial Times the decision to float the currency was taken in preference to a straight devaluation, in order to reassure the European Community.

"Floating was not designed to be aggressive," he said. "I hope the EC will understand our situation." On Tuesday the European Commission said it "regretted" the Finnish move.

There was some concern in Helsinki yesterday that formal negotiations over Finland's EC membership might be delayed as a result of the floating markka. Mr Viinanen acknowledged that the country would "face hard terms" in the talks, due to start early next year.

He was bewildered by how quickly the value of the markka deteriorated because of the huge outflow of capital that threatened to deplete the country's capital reserves. The international swap arrangements made in the spring with European central banks were used but proved insufficient.

"On Monday night it was impossible to stop the flow. The position was hopeless," he said.

"It would have been too expensive for the country to use up all its resources to defend the markka."

Mr Viinanen said further cuts would be made in government spending over the next three fiscal years, to persuade money markets that the burgeoning budget deficit could be brought under control. It could reach FM200bn ($45bn) this year. Next year cuts will total about FM20bn, with a further FM22bn-FM30bn in 1994 and 1995.

So far this year Mr Viinanen has assembled three separate cuts packages but they have failed to restore the market's credibility in the government's economic strategy.

The new cuts are expected to include swingeing reductions in agricultural subsidies, regional grants, and transfer payments to local authorities. But painful reductions can also be expected in the value of Finland's wide-ranging social welfare benefits.

"We can no longer afford the benefits we now have," the minister said.

EC to propose common civil aviation pacts

By David Gardner in Brussels

THE European Commission will next month launch proposals for the European Community to negotiate as a bloc the civil aviation agreements which each of the 12 member states now arranges bilaterally with non-EC countries.

The plan has acquired urgency in the light of last week's bilateral "open skies" agreement between the Netherlands and the US, which senior Commission officials believe could distort the EC's own air transport liberalisation programme and complicate restructuring of the depressed airline industry.

The idea of a common aviation policy was mooted over a year ago by Mr Karel Van Miert, the EC transport commissioner, and floated by transport ministers of the 12 in July.

The EC finalised most of its own "open skies" programme in June.

As part of the single market that starts next year this will liberalise air fares and open up routes across Europe hitherto dominated by national flag carriers.

Mr Van Miert said yesterday he could "not criticise the Netherlands for getting the maximum advantage out of the existing situation," enabling KLM, the Dutch flag carrier, to obtain virtually unrestricted access into the US market. But he warned that the US was trying to divide and rule EC aviation, and the question was whether this would lead to "discrimination between ourselves in our own market."

The commissioner also suggested the US was considering whether it would be better to negotiate certain agreements with the EC as a whole, particularly as airlines in Europe will be forced by increased competition to merge and regroup on a European scale.

KLM, for example, is still thought likely to seek a European partner, so it could be a much strengthened company to which the US has opened its market.

Mr Van Miert added that he did "not think Community carriers are going to get cabotage rights in the US unless we unite our efforts." Cabotage is the right to ply another country's internal routes, when the flight does not originate outside that country.

He stressed, however, that the Commission would not propose that it negotiate all external aviation accords, much less renegotiate all bilateral agreements between EC member states and third countries, of which there are nearly 800.

German unions 'favour wage limits in east'

By David Marsh
European Editor

MS Birgit Breuel, president of the German Treuhand privatisation agency, said yesterday that trade unions now favoured wage restraint in east Germany to boost faltering economic growth there.

"If you talk to trade unions, they know there will have to be changes," she said in London, where she is presenting the agency's borrowing plans to banks and investors.

Ms Breuel stressed she did not want to interfere in wage negotiations between employers and workers but added that trade unionists could now "easily see that, the higher the wage rises, the more you will lose jobs". Lower wage increases in the east would involve shelving plans to achieve east and west German wage equality in key industry sectors by 1994.

This proposal has, however, been submitted under plans for a "solidarity pact" which Chancellor Helmut Kohl is negotiating in an attempt to remedy Germany's growing economic difficulties.

High wage rises in east Germany since monetary union in July 1990 have been blamed for exacerbating unemployment east of the Elbe. This in turn has increased the need for substantial financial transfers, now running at a net DM150bn ($107.1bn) a year – which is the main factor behind high German interest rates.

Concerning the agency's borrowing plans, Mr Paul Hadrys, Treuhand's chief financial officer, said it planned DM100bn-DM130bn in capital market borrowing over the next few years.

Terms for a first bond issue of between DM8bn and DM10bn will be set next week.

Mr Hadrys said the international bond market would provide "the main pipeline" through which the Treuhand would conduct its overall borrowing programme.

Ms Breuel said the 3,800 or so companies still in the Treuhand's portfolio were suffering from falling export orders from the former Soviet Union. But this gave them a greater incentive to adjust efficiency to meet standards required on western markets. "This can be brutal – but there is no alternative."

She defended the agency against charges that it had shown complicity with former members of the East German Communist party, who have allegedly profited from some sell-off schemes.

She said the Treuhand was under fire from critics suggesting that it employed too many ex-communists and those complaining its operations were virtually run by west Germans. "It's very difficult to steer a middle course."

Earlier this summer Mr Wolfram Krause, the last east German on the agency's board of directors, left the Treuhand. This followed controversy over his former links with the Stasi, the East German secret police.

Critics have charged that Mr Krause left because of an internal power struggle. But Ms Breuel said the former director departed of his own volition after publicity about his contacts under the communist regime. "He said he could no longer stand being in the newspapers every day."

The Treuhand had dismissed 500 managers in companies under its wing, and 25 of its own employees, after discovering they previously worked for the secret police. Cases of alleged "Stasi connections" were always extensively discussed with individuals before action was taken, Ms Breuel said.

Ms Birgit Breuel: difficult to steer middle course

Back to back: German Foreign Minister Klaus Kinkel (left) and Defence Minister Volker Rühe compare their heights before the budget debate in the lower house of the Bundestag yesterday

Moscow hopes for debt plan approval

By Leyla Boulton in Moscow

RUSSIA hopes a new set of debt rescheduling proposals to clear arrears on the former Soviet Union's $70bn foreign debt will win favour from Group of Seven officials in Paris today.

Mr Peter Aven, Russia's minister for foreign economic relations, said yesterday the proposals were based on newly available balance of payments projections by the International Monetary Fund, giving a clearer picture of the amounts Russia could afford to pay.

He said a figure of $2.5bn-$3bn quoted by Mr Alexander Shokhin, the deputy prime minister and his immediate superior, as an estimate of what Russia could afford to spend on annual debt repayments was not necessarily the last offer. "If somebody can prove we can pay $6bn then we'll pay $6bn," he said.

"We would like to fulfil our obligations after signing a long-term rescheduling agreement, and not to be in a position like today where we have signed something but still accumulate arrears," Mr Aven said.

"If you pay just part of your debt you have to choose who to pay. You have to make priorities and that's absolutely wrong," he added, referring to the practice whereby payments are made only to countries which lend Russia more money or when Moscow is faced with the suspension of key imports.

Credit lines with dozens of countries have been frozen because of arrears exceeding $4bn on debts excluded from a deferral of principal payments on medium-term debt already granted by the Paris Club of creditor nations.

A final decision on debt rescheduling may be taken by the Paris Club, which is due to meet at the end of the month.

Mr Aven claimed that capital flight was about $3bn, and not the inflated figure given in some estimates. But such flight had reduced resources for debt repayment and contributed to the rouble's weakness.

Further confidence-building measures, such as increasing interest rates on rouble deposits within Russia, would be needed before state-owned enterprises could be persuaded to bring back currency from abroad.

Mr Aven said that forcing enterprises to sell 100 per cent of their hard currency earnings in order to boost the thin foreign currency market – as suggested by Mr Viktor Gerashchenko, the acting central bank chairman – would worsen the problem.

Russia, Ukraine in reactor pledge

By Clive Cookson,
Science Editor

RUSSIA and the Ukraine are determined to press on with nuclear power and to make their reactors safe, with or without western help, the heads of the two countries' nuclear programmes said yesterday.

Speaking on the eve of the Uranium Institute's annual conference in London, Mr Erik Pozdyshev, president of the Russian nuclear utility Rosatomenergo, and Mr Vladimir Fuks, his Ukrainian counterpart, expressed exasperation that no western financial aid had reached them yet, after three years of discussion.

"If western governments will stop just talking and will give real assistance, then we will not reject that help, because it will enable us to solve the safety matters more quickly," Mr Pozdyshev said.

"But if the help is always delayed, we have the capacity to provide the necessary level of safety for our nuclear stations ourselves."

Russia plans to keep its Chernobyl-type RBMK reactors running well into the next century, after making the necessary safety changes, he said. The Sosnovy Bor plant near St Petersburg – where a radiation leak caused widespread alarm last March – will operate at least until 2003.

At the same time Russia will open new PWR-type VVER reactors, starting with a 1,000MW unit at Balakova which "we plan to commission within the next six months".

Mr Fuks said the Ukrainian utility Ukratomenergoprom wanted to complete and commission three new VVER reactors – at Zaporozhe, Rovno and Khmelnits. These would provide new generating capacity after the final closure of Chernobyl, which is planned for next year.

The Ukraine currently has a moratorium on new nuclear plants but Mr Fuks forecast that parliament would vote next year to commission the three reactors "if energy prices continue to rise and if this winter is cold enough".

Mr Armen Abagyan, director-general of the All-Union Research Institute for Nuclear Power Plants, said the Russian nuclear industry was spending precious hard currency on computers and safety monitoring equipment from the west – in particular from the US and Germany.

"They talk about Germany paying money to us – but in fact we're paying money to Germany," he said.

NEWS IN BRIEF

UN drugs chief issues 1993 alert

A SENIOR United Nations official said yesterday that the creation of an open internal market in the European Community could hamper the war on drug trafficking, Reuter reports from Rome.

"The liberalisation that we are all hoping for has its negative aspects. One of these aspects is crime," said Mr Giorgio Giacomelli, head of the UN's anti-drug programme. "In an integrated Europe, we need to create new safeguards to keep crime under control," Mr Giacomelli added.

- Rotterdam city council said yesterday that it may start giving free heroin to drug addicts in an experiment to cut drug-related crime in the Dutch city, Reuter reports.

Aegean hotline

Turkey and Greece will establish a hotline to discuss political differences if need arises, the Greek foreign minister, Mr Michael Papaconstantinou, said yesterday, Reuter reports from Istanbul. He made the announcement in Istanbul before a meeting of Council of Europe foreign ministers.

Submarine plan

France and Spain are studying development of a conventional submarine for export and to equip the Spanish navy, military sources said yesterday, Reuter reports from Paris. The project was being studied by Spain's Bazan and France's Direction des Constructions Navales shipyards.

Lamont warns

Trade barriers between the EC and eastern Europe continue to hinder economic success in ex-communist countries, Mr Norman Lamont, UK chancellor, said yesterday in his first speech as UK governor of the European Bank for Reconstruction and Development, writes Emma Tucker.

Omni chief held

Mr Werner Rey, a fugitive Swiss businessman behind the biggest corporate collapse in his country's history as head of Omni Holding, has been arrested in the Bahamas, the Swiss authorities said, Reuter reports from Berne.

Hungary tries to halt dam project

By Nicholas Denton
in Budapest

HUNGARY is making a last attempt to stop Slovakia diverting the river Danube into an environmentally controversial barrage along their common border.

Mr Jozsef Antall, the Hungarian prime minister, yesterday persuaded Mr Vladimir Meciar, his Slovak counterpart, to set up joint commissions to head off confrontation over the Bos-Gabcikovo hydro-electric project.

The timetable for agreement is tight because construction is approaching the point of no return. Slovakia plans in mid-October to force much of the flow of Europe's largest river into a 25km channel elevated up to 18 metres above the surrounding plain and bigger than the Suez canal.

The Hungarian prime minister said in unequivocal terms yesterday that Hungary would consider the diversion of the river a "territorial violation" and an infringement of the post-war peace settlement.

Despite the agreement on further talks, yesterday's meeting between the prime ministers in Budapest left the two sides as far apart as ever.

The Hungarian government can ill-afford to give in for domestic political reasons. The democratic opposition which toppled the former regime was born out of hostility to the communist-inspired dam. Slovakia, on the other hand, remains adamant it cannot afford to halt project. The Bratislava government says the work is too far gone and 20bn korunas ($746m) has already been spent on the dam, which will supply 10 per cent of the country's energy needs.

Bilateral relations, already poisoned by the intractable dispute over the Gabcikovo barrage, are troubled further by disagreement over the status of the 800,000-strong Hungarian minority in Slovakia.

Italy embarks on road to electoral reform

By Robert Graham in Rome

ITALY'S two houses of parliament yesterday took the first step to reforming the country's ossified institutions and unworkable electoral system by agreeing to the formation of a 60-strong all-party commission.

The joint commission, headed by Mr Ciriaco de Mita, the former Christian Democrat prime minister, will have six months in which to draw up recommendations. A law will then be submitted to parliament conferring powers on the commission to draft specific proposals for constitutional change.

This will turn the commission into a mini-constituent assembly and give it authority. Lack of power to make specific proposals undermined a previous attempt at reform in 1983.

The commission results from an initiative by President Oscar Luigi Scalfaro. In his inaugural address on May 28 he urged parliament to give immediate attention to a commission, to prevent state institutions falling into further discredit.

But all parties have recognised that the 1947 constitution was geared to a country emerging from fascism into the cold war at a time when social and economic conditions were profoundly different to now.

The system of proportional representation was designed to protect minority parties and discourage the control of monolithic groups like the Communists or disbanded fascists.

However, elections this year demonstrated that this system merely encouraged a plethora of small parties and produced unstable coalition governments.

The commission will examine the workings of parliament, the nature of the presidency and whether the incumbent be chosen through direct elections, the role of regions and magistrates, direct elections of mayors, and electoral reform.

Some of the most prestigious names in parliament were chosen for the commission alongside Mr de Mita, including Ms Nilde Iotti, deputy of the former communist Party of the Democratic Left, who was part of the commission formed in 1946 to write the present constitution.

But one notable absentee was Mr Mario Segni, the reformist Christian Democrat who heads the movement to change Italy's institutions by referendum.

He argues that parliament is too slow and divided by petty differences to be able to agree on fundamental reform.

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NEWS: EUROPE

Chrysler in subsidies dispute

Austria told to cut car plant grants

By Andrew Hill in Brussels and Ian Rodger in Vienna

THE European Commission has given Austria three weeks to cut state subsidies to a Chrysler plant near Graz or face duties of 10 per cent on minivan imports into the EC.

Commissioners will call for the imposition of duties after September 30 if they are still unhappy with the Austrian stance. A final decision would be taken by EC member states.

The issue is highly sensitive for Austria, but Commission officials say it is in the government's own interests to co-operate. "Since they have applied to join the EC they must accept that sooner or later they will have to fall in line with Community rules," said a Brussels trade official yesterday.

Vienna has offered to cut subsidies from 33 per cent to less than 20 per cent of the Sch4.2bn ($424m) cost of the factory.

But the Commission would like the level of state aid brought down to 8 per cent, in line with rules on state aid applied to the wealthiest EC countries. That would involve the US car-maker reimbursing some of the Sch693m of subsidies which have already been paid. Austrian trade officials said yesterday such a solution would be unacceptable.

They pointed out, however, that, if subsidies for the final phases of the factory were blocked, the overall level of state aid for the project would fall to about 16 per cent. Austrian experts will start talks with the Commission today.

The Graz factory is a joint venture between Chrysler and Steyr Puch, which will manufacture 13,000 Voyager family vans this year. Most will be exported to the EC to compete with the Espace van made by Renault and Matra.

The 1972 free trade agreement between Austria and the EC outlaws subsidies which distort competition in the Community.

This would be the first and probably the last time that duties would be imposed under the agreement. It will be replaced at the end of the year by the European Economic Area (EEA) – a free-trade zone between the EC and the European Free Trade Association.

The EEA agreement includes similar safeguard clauses, but Austrian and EC officials said yesterday it was unclear whether the existing duties would have to be renegotiated at the end of the year.

The level of duty suggested is the same as that imposed on Voyager vans imported direct from the US.

Striking construction workers protest outside an Athens court yesterday against a draft bill cutting pension benefits

ESA sees Russia as space partner

By William Dawkins in Paris

EUROPE'S manned space shuttle is heading for fresh cost cuts and delays but will seek technology co-operation with the Russian space programme, the European Space Agency (ESA) announced yesterday.

The ESA will propose a diminished future for the Ecu4.4bn ($5.3bn) Hermes shuttle programme at a meeting of technology ministers of its 13 members in Spain next month, said Mr Jean-Marie Luton, the agency's director general.

Mr Luton, speaking a day after a meeting of the ESA's governing council, said the agency would propose a slowdown in work on Hermes over the three years to 1995 and an Ecu231m reduction in its budget. He denied reports that the ESA was preparing to scrap Hermes.

If accepted by ESA members, this will mark a reprieve for the shuttle, in which France is the leading partner, contributing 43.5 per cent of its budget. Germany successfully demanded at the last ESA ministerial, last November, that any decision on the continuation of Europe's manned space programme should be delayed for a year.

France is a staunch supporter of Hermes, which it sees as the spearhead of Europe's hopes for autonomy in space, but Germany – the second biggest partner with 28 per cent of the budget – is keen to defray the costs by seeking international co-operation. Bonn has argued that Russia has technology to offer from its cash-strapped space programme.

Both the two leading Hermes partners' government spending has come under pressure over the past year, from the costs of German unification and French budget austerity.

Separately, he announced that the ESA would take part in the development of Russia's latest generation of space stations, the MIR-2, due to be put into orbit in 1996.

Curbs on party funding proposed in France

FRANCE'S Socialist government, mired in scandals over party finances, yesterday proposed a ban on all business donations to political parties in a drive to fight corruption, Reuter reports from Paris.

The draft bill, to be considered by parliament next month, is part of a crackdown on graft pledged by Prime Minister Pierre Bérégovoy when he took office in April.

While allowing individuals to donate up to FFr30,000 ($6,270) to political parties, the bill bans funding by companies and reinforces control over public tenders to combat influence peddling. "Only a ban on company funding can guarantee honesty in politics," said government spokesman Martin Malvy.

Ireland to build up its industrial base

By Tim Coone in Dublin

THE Irish government is to reorganise its Industrial Development Authority (IDA) – which spends about I£120m ($226m) a year in grants and subsidies to overseas and local manufacturing companies – to give more emphasis to the development of Irish industry.

Mr Des O'Malley, industry and commerce minister, said this week the reorganisation followed criticisms in an industrial policy review published earlier this year that Ireland had become over-dependent on foreign-owned enterprises in developing its industrial base.

"The balance needs to be redressed to achieve greater output and employment growth in the indigenous sector. Existing policies and promotional arrangements have not succeeded in doing this," he said.

He announced the IDA was to be merged with two manpower training agencies – FAS and EOLAS – and would then be split into two divisions, one promoting overseas investment and the other promoting local industry.

Each would have its own boards and management, budgets and performance targets.

The intention was to develop "a clear and separate focus of policies and organisational effort on the promotion of both indigenous industry and inward investment".

Mr O'Malley also emphasised the need to adopt other recommendations made under the policy review, which included sweeping tax reform, increased emphasis on vocational training, and more investment in transport infrastructure. The recommendations have yet to be considered by the government.

Warsaw shifts policy on state enterprises

By Anthony Robinson and Christopher Bobinski in Warsaw

THE Polish prime minister, Ms Hanna Suchocka, yesterday unveiled plans to involve the trade unions and workers in a new social pact aimed at restructuring and privatising state enterprises.

The initiative follows industrial unrest in the coal and copper mines in August and a continuing stoppage at the FSM car plant in southern Poland. The strikes, which were partly fomented by inter-union rivalries, highlighted labour disenchantment with falling real incomes and uncertainty about the future of their industries.

The FSM strike, now in its sixth week, has stopped production of the new Fiat Cinquecento model, delayed the company's takeover by Fiat and damaged Poland's image among foreign investors.

The pact signals a new approach by the government towards state industries which have been left to fend for themselves. This has led to rising indebtedness and a sharp drop in output and investment.

The new policies will ease central wage controls and link wages more closely to profits and productivity. Workers and management will be given three months to choose their own privatisation plans from five alternative models. These range from selling the enterprise to a foreign investor to privatisation by worker or management-buyout.

The main responsibility for implementing the pact lies with Mr Jacek Kuron, the labour minister and former Solidarity activist.

Poland may host Ford component factory

By Kevin Done, Motor Industry Correspondent

FORD, the US car maker, is considering setting up its first automotive components joint venture in Poland.

It is negotiating the setting up of a plant near Warsaw to make seat covers for use in its west European car assembly plants. If agreed, the project is expected to involve an investment of about $50m.

Ford made its first move into component manufacturing in east Europe in 1990, with an $80m investment in Hungary for a plant to produce ignition coils and fuel pumps. This plant, which began production earlier this year, also supplies Ford vehicle assembly plants in western Europe.

The negotiations in Poland are part of a wider study undertaken by Ford of Europe into the restructuring of its seat manufacturing operations. It is considering contracting out seat assembly to an outside supplier to replace its present in-house operations.

A decision is expected before the end of the year.

If Ford opts for an outside supplier, it is expected that the seat-making operations would still be located close to the existing vehicle plants to ensure quick delivery.

In the UK a move to outsource seat making would affect 220 jobs at Ford's Dagenham plant and 270 at Halewood.

● Honda of Japan is to build a plant in Belgium to supply aluminium intake manifolds to its engine and car assembly plant in the UK.

NEWS: THE FRENCH REFERENDUM

Oui campaign is one of them and us

By William Dawkins in Paris

THE campaign for a Yes vote in France's referendum on European monetary and political union has brought together some odd allies, stretching across both sides of a normally warring political establishment.

To optimists in the pro-Maastricht camp, their campaign shows a healthy diversity. To the pessimists, the Yes campaign is nearly as fragmented as the anti-treaty alliance, and is in danger of losing credibility by offering different audiences conflicting reasons for voting Yes on September 20.

On the one hand, there is the mainstream of the Socialist party, which is taking up President François Mitterrand's theme that the treaty will protect the weak against the costs and dangers of European development.

On the other, there are the Yes campaigners in the divided RPR and UDF right-wing opposition parties, which portray an economically liberal post-Maastricht Europe, likely to alarm working class Socialist voters.

Also in the Yes army are most of France's leading industrialists; a 300-strong committee of artists – many heavily subsidised by the state – intellectuals, sports personalities and assorted celebrities; and the Catholic bishops' conference.

Mr André Billardon, the Socialist party's Maastricht campaign manager, and vice-president of the National Assembly, believes that the Yes camp's diversity could be an advantage. Accordingly, the Socialists, Gaullists and UDF have agreed to campaign separately to give them maximum freedom to appeal to their individual electorates' concerns, he explains.

"Maastricht is only a judicial framework, so we each have different explanations of the European policies our political parties will follow after the treaty is ratified," says Mr Billardon.

The Socialists have brought their full campaign machinery to play, as if it were a national political election – a FFr13m (£1.36m) budget and 15-hour working days for Mr Billardon and his colleagues. The party is campaigning separately from the government, though it naturally devotes the free television and radio time it and other parties are allowed in the final two weeks to Socialist ministers.

Mr Billardon's main campaign worry is not that the Yes campaign might appear incoherent, but that it might not get through at all. Some polls indicate that the public has been taking very little notice of the deluge of propaganda put out by political leaders in both camps over the past month, he says. "Things have improved since Mr Mitterrand made his television appearance ... that at least made people better informed. But I don't think Mr Chirac is much followed by voters or even his own followers. Local politicians have also kept very quiet," he complains.

So just who do the Yes campaigners think they have to convince? Mr Billardon believes the Yes vote is strongest among the young and retired people and weakest among the 30 to 55 age group. "It is the economically active who feel they have something to lose."

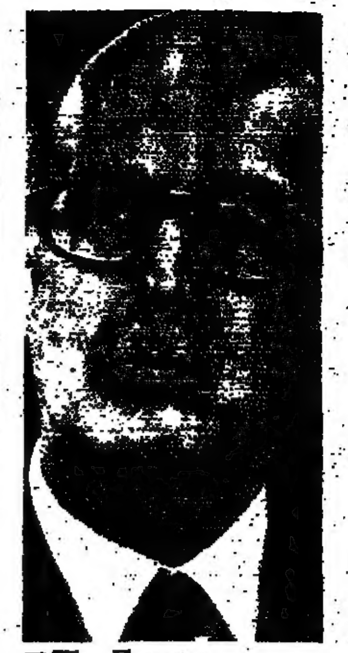
By class, he sees solid support for Maastricht among intellectuals, executives and in the public administration. Opposition is chiefly among the working class, hit by high unemployment, and farmers, suffering from European Community price cuts agreed by their government and its EC partners in the summer. These are the people the Yes campaign team needs to convince over the next 10 days. "We need to appeal more to average citizens, to calm their fears," says Mr Billardon.

It will be a hard job because farmers tend to be loyal to the right-wing, where the anti-Maastricht lobby is strong, while the Socialist government's rigorous economic policies have lost it votes among the working class.

Mr Billardon has no illusions that the final result on Sunday week will be a close run thing. Personally, he puts his money on a Yes majority of a mere 52 per cent.

■ Mr Jacques Chirac, the president of the neo-Gaullist RPR party, who is hoping to succeed President Mitterrand.

■ Mr Jack Lang, minister for education and culture and organiser of the government's yes campaign.



■ The Former President Valéry Giscard d'Estaing who is the leader of the centre-right UDF party.

SEEN as a weak link in the Yes camp, Mr Chirac, 59, initially refused to commit himself either way on European union, inhibited by the deep divisions in his party.

Faced with the knowledge that the RPR would split over Europe whatever he did, this former prime minister eventually climbed off the fence in July and said he would vote in favour of European union, but leave the party rank and file free to go their own way.

The result has been a surreal RPR television campaign, in which the party has divided its air time equally between arguments for and against European union.

He is campaigning on the theme that France will be stronger in a post-Maastricht Europe than it is now.

He also argues that General de Gaulle would have believed the same.

"There is no serious alternative to the unity of nations. Maastricht is the continuation of an action desired by General de Gaulle," he told his opening campaign rally earlier this week.

Socialists, however, suspect that the Gaullist idea of a Europe of loosely co-operating sovereign states and the pooling of sovereignty proposed in the treaty are incompatible.

THE modish Mr Jack Lang, 53, star guest of a thousand Parisian dinner parties, has been given the task of bringing the arid details of the treaty alive to the public.

His campaign style has been controversial and Yes campaigners on the right-wing have criticised him for not doing enough to bring heavyweight businessmen, economists and trade unionists into the centre stage.

Mr Lang's main coup so far has been to conjure up a *Comité National pour le Oui* of 300 assorted celebrities. They include eight Nobel prize winners – none economists – Yves Saint Laurent, the fashion designer, the chef Paul Bocuse and Johnny Hallyday, the pop star.

In fact, the committee is a good mixture of stars and intellectuals, but it has received sometimes sarcastic treatment in the French press, perhaps because of Mr Lang's own image as the embodiment of fashionable bourgeois Socialism, or *la gauche caviar*. He has added to his reputation for a weakness for gimmicks by distributing postcards proclaiming that Napoleon would have voted for Maastricht, and planning a pop concert to rally Yes voters two days before the referendum.

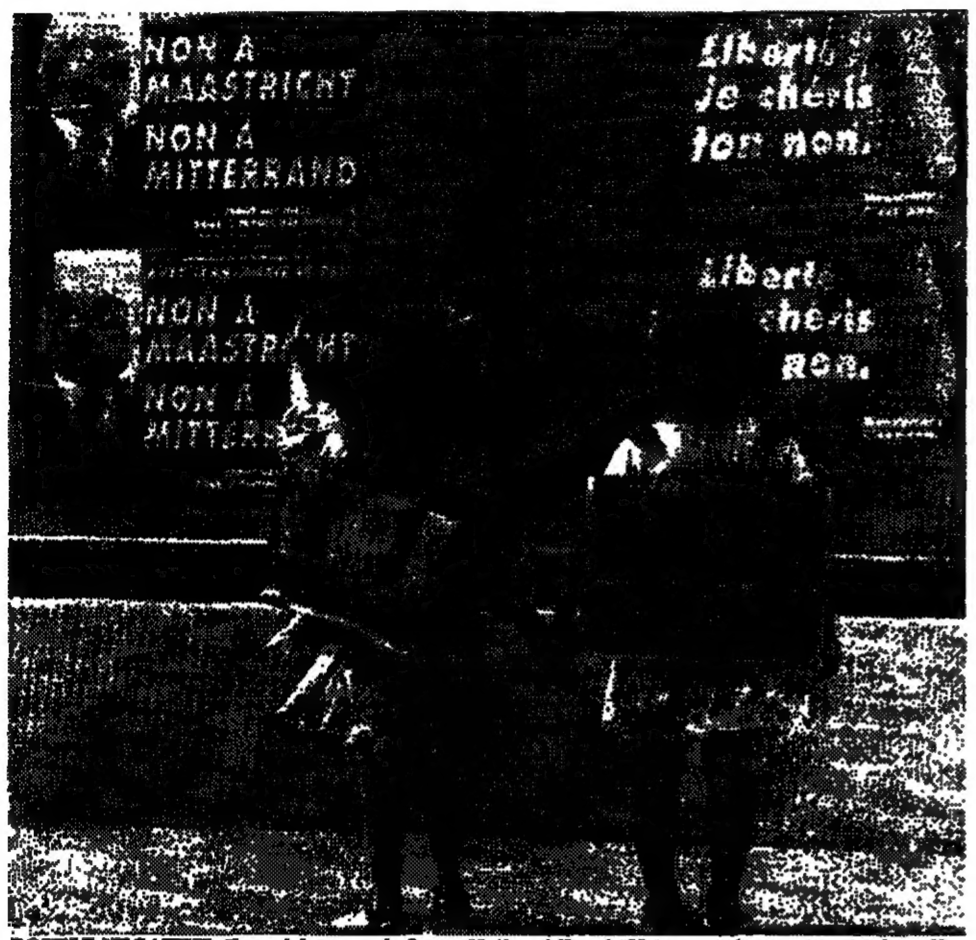
MR Giscard d'Estaing is the government's main hope for roping in pro-Maastricht votes from supporters of the right-wing opposition.

His party is also divided over Maastricht, though less so than the Gaullists. However, Mr Giscard d'Estaing, 66, a veteran in European Community politics, has never hidden his pro-treaty views and is accepted as the most authoritative French protagonist of the treaty outside the government.

He has done more than anybody in the Yes camp to try to soothe the fears of Maastricht opponents that the treaty offers the European Commission an open ended opportunity to legislate on matters of purely national interest. He has proposed that EC member states should, after the ratification of the treaty, draw up a list of where the Community can and cannot intervene, so as to settle the argument over subsidiarity.

His critics suggest that this idea looks very like a renegotiation, even though Mr Giscard d'Estaing has stressed that it is not politically feasible to rewrite the Maastricht plan.

He is ill at ease campaigning alongside Mr Chirac since they are the main rivals for the opposition's future presidential candidacy.



DOUBLE NEGATIVE: Two girls pause before a National Front "No" campaign poster at a hoarding near their school in Nice. The French far right has also made the Mitterrand presidency an issue

Major thinks big despite the doubts

By Alison Smith

DOUBTS about the future of Maastricht need not delay the talks to enable Sweden, Finland and Austria to join the European Community in 1995, Mr John Major said yesterday.

At a private meeting with MEPs from the European People's Party (a grouping which includes Christian Democrats and Conservatives in the European parliament) in London, the British prime minister emphasised his hope that some of the informal negotiations for their entry could take place during the UK presidency.

In the summer, ministers agreed at the Lisbon summit that formal negotiations should not begin until after Maastricht had been ratified. However, Mr Major insisted yesterday that talks could be started on the assumption that the agreement on European union would be approved by all 12 member states.

According to the UK's preferred timetable, the negotiating mandates would be agreed at December's Edinburgh summit, with the negotiations taking place in 1993, and the countries' entry to the Community being ratified in 1994.

Mr Douglas Hurd, UK foreign secretary, also told the MEPs that in looking forward to a Community of some 20 members, it seemed unlikely that Maastricht would be the final stage of institutional change. Both Mr Major and Mr Hurd highlighted the importance they attached to the forthcoming report from Brussels to clarify the term "subsidiarity".

Support for a Yes vote slid to a bare 51 per cent in the latest opinion poll carried out by the CSA institute between September 8 and 9, writes Robert Mauthner in Paris. This represents a fall of 1 percentage point since the last poll conducted by the same organisation a day before. Those intending to abstain or to submit blank voting papers still make up 29 per cent of the electorate, though this represents a fall of 4 points since the last survey.

NEWS: THE AMERICAS

Grumbling suburbs spurn Bush in presidential race

By Jurek Martin, US Editor, in Washington

PRESIDENT George Bush may be narrowing Governor Bill Clinton's lead in the national opinion polls, but still appears in trouble with suburban voters in the big US states which will determine the presidential election in November.

The Washington Post/ABC poll, run on September 2-6 and published yesterday, has Mr Clinton ahead by 53:38 per cent among registered voters and by 53:41 per cent among those most likely to vote. This compares with 55:36 and 56:36 respectively in the previous survey, a week before.

The national polls have been very volatile for two months. They now give Mr Clinton, the Democratic candidate, a lead of anything from five to 15 points and the acknowledged softness of Mr Clinton's support gives the Bush campaign hope, even though there is little evidence that the president is winning greater respect or confidence.

However, at the local level in the nine biggest states, where 257 of the 270 electoral college votes needed for victory are at stake, the trends – as shown by polls, interviews with "focus groups" and much media reporting – are still against Mr Bush.

California and New York, the two biggest states, are now almost universally considered certainties for Mr Clinton. Texas, the next largest, is reckoned a toss-up in the latest Dallas Morning News poll. Most pundits still prefer Mr Bush in his adopted home state but Mr Ross Perot, the local billionaire, is on the ballot and may draw votes from the president.

Mr Bush was also favoured in Florida, the fourth largest, but calculations there are difficult after Hurricane Andrew.

The rust-belt swathe – Pennsylvania, Illinois, Ohio, Michigan and New Jersey – is seen by both camps as critical. In their suburbs and working-class districts lives the bloc, known as Reagan Democrats, that has voted Republican in the last three elections.

This week, both the Washington Post and Time magazine carried extensive reports from representative suburban counties in the critical states. Time, which also covered counties in the important swing states of Georgia and Missouri, revealed only one of five (Montgomery County in Ohio) where Mr Bush was level with Mr Clinton.

The litany of complaints from the suburbs was about the local economies, the lack of opportunity for the rising generation, falling property values and sharp disagreement with the Republican party's definition of family values.

The net result, according to the Post's conversations with about 2,800 registered voters, is that only about one Democrat in ten would vote for Mr Bush, while Mr Clinton could get the support of one Republican in six.

Of the Democrats who voted for Mr Bush four years ago, 58 per cent now say they will support their party candidate, against 32 per cent for Mr Bush and 10 per cent undecided.

US chief executives showing drop in confidence

By Michael Prowse in Washington

TOP US chief executives are markedly less confident about the economic outlook than they were three months ago, the Conference Board, a business analysis group, said yesterday.

The board's index of business confidence fell from 70 to 62 between the second and third quarters.

The index is based on a survey of chief executives at leading companies.

The drop in business confidence follows a series of disappointing economic reports which culminated last Friday in a surprise announcement of a steep fall in employment in August.

The deteriorating sentiment in boardrooms is another blow for President George Bush, because it suggests that the US economy is unlikely to show visible signs of recovery before the presidential and Congressional elections, come November.

The fall in the board's index reversed an increase between the first and second quarters. The proportion of respondents saying conditions had improved in recent months dropped to 48 per cent, compared with 80 per cent in the second quarter.

Chief executives in insurance, the retail and wholesale trades, and in heavy manufacturing, were among the least upbeat.

Top business people, however, are still markedly more confident than at the trough of the 1990-91 recession, when the board's index hit a low of 33. A reading above 50 indicates that optimists have outnumbered pessimists.

The erosion of boardroom sentiment has begun to close a surprising gap between business and household confidence.

Consumer confidence has been hovering near record lows for much of the past two years, in part because of worries about job security.

Tsongas puts deficit in centre

By Andrew Gowers in London

A HIGH-PROFILE campaign to place the federal budget deficit at the centre of the US political agenda is being launched next Monday by an influential cross-party group of politicians, led by defeated Democratic presidential contender Mr Paul Tsongas.

This Concord Coalition will be unveiled in New York by Mr Tsongas and Republican Senator Warren Rudman, both of whom have made a demand for candour over US economic problems a central plank of their political platforms.

By working on public disaffection, it aims to force President George Bush and Governor Bill Clinton, his Democratic challenger, to focus during the election campaign on the deficit, on welfare entitlements and on strategies to encourage investment. It also intends to keep trying to mobilise support and pressing the successful candidate on the same issues after the poll in November.

"This is an attempt to bring together those people who believe that more of the same isn't going to work," Mr Tsongas, a former senator from Massachusetts, said in an interview in London with the Financial Times. "We think there will be a role for us whoever's president; and whoever's president is going to find us very irritating."

The Concord Coalition (after Concord, Massachusetts, where the first shot was fired in the US War of Independence), also includes Mr Peter Peterson, a Republican and former commerce secretary, and Mr Lloyd Cutler, the Washington lawyer who was President Jimmy Carter's White House counsel.

It will not advance specific policy proposals at first. Instead, it will concentrate on carrying forward the baleful campaign message which won Mr Tsongas sizeable support during the primaries this year and beyond, underlining the need for Americans to make painful sacrifices so as to return the US to economic health.

Tsongas: Americans must make sacrifices for return to health

In addition to the progressive elimination of budget deficits, which he says are sapping the US economy and international strength, Mr Tsongas favours imposing a cap on welfare entitlements and favours increased investment in infrastructure and in education.

He is targeting the educated young, worried business people, and the sometime constituents of Mr Ross Perot, the Texas entrepreneur and quasi-candidate who attracted brief but large support last spring on vague promises to cut the deficit and combat the political establishment.

Mr Tsongas's support for Mr Clinton is lukewarm; he is critical of the Democratic candidate's proposals for a tax cut for the middle classes, for example. However, what he says about his own party's candidate pales by comparison with his withering condemnation of Mr Bush since the latter's acceptance speech at the Republican party convention in Houston.

This, Mr Tsongas said yesterday, was devoid of substance. "Bill Clinton will win because there is no rationale for four more years [of Mr Bush]."

Private investors wary of former Soviet republics

By George Graham in Washington

PRIVATE investment in the republics of the former Soviet Union is likely to remain slow for some time, according to the International Finance Corporation (IFC), the World Bank arm that specialises in private sector financing.

Sir William Ryrie, IFC executive vice-president, said yesterday that private sector money had begun to flow into countries such as Czechoslovakia and Hungary in eastern Europe, but that investment in the former Soviet Union was likely to take longer to pick up.

"It's going to take a little while before private investors are going to commit serious money," he warned.

The IFC last year won agreement from its members for a $1bn capital increase over the next five years to help it expand its activities in eastern Europe and the former Soviet republics. The latter, however, have not yet completed the membership process, and the IFC's role has so far been limited mostly to advice and technical assistance.

"What we are looking for is opportunities to do something which will really be catalytic," Sir William said, citing the successful privatisation of more than 2,000 shops and small businesses in Nizhny-Novgorod as a good example.

Building on this experience, the IFC is now undertaking the privatisation of the entire trucking business in the Nizhny-Novgorod province, and has written a manual on small-scale privatisation to be used elsewhere in Russia.

Overall, the IFC boosted its financing of private sector projects in the developing world by 15 per cent last year to $1.77bn (£880m) and Sir William said he expected to maintain this rate of growth – somewhat faster than projected at the time the $1bn capital increase was agreed – over the next few years.

By attracting co-financing from other investors and lenders, the IFC was able to help raise nearly $6 for every $1 it invested in the 167 projects it took part in during the financial year ending June 30.

Sir William said his group had managed to maintain profitability, despite problems with its $408m of investment in the former Yugoslavia and some deterioration in its African portfolio.

Net profits climbed by 9 per cent to $180.2m, but the IFC had to boost its reserves against loss substantially, making a new provision of $101m and writing off $26.8m of investments.

Brazilian privatisations 'still on schedule' despite political crisis

By Stephen Fidler and Christina Lamb in Rio de Janeiro

BRAZIL'S head of privatisation said this week that the denationalising of state industries was on schedule, despite the political crisis around President Fernando Collor.

Mr Eduardo Modiano, president of the national development bank, BNDES, said in an interview that the programme was not being accelerated, or slowed by the crisis. By end-November, auctions for three more government fertiliser companies were due.

Meanwhile, in early October, evaluations should be received for the remaining state-controlled steel companies, most of the petrochemicals sector and the aerospace company, Embraer. Auctions for these were due before the end of next March, although agreement by banks and debenture holders of Embraer had to be secured for a recapitalisation.

Mr Modiano declined to be drawn on prospects for privatisation if the president leaves office. Vice-President Itamar Franco is thought less sympathetic to rapid privatisation.

The BNDES chief said he believed that, so far, the crisis had not affected prices paid for the 15 companies privatised so far – $3.4bn, most of it in various forms of government debt – but conceded conditions were far from ideal to maximise prices.

"We have no foreign capital coming in, slow economic activity, inflation of 20 per cent a month and nobody has any cruzeiros because of tight monetary policy," he said. "If any of these conditions had been different, prices would be different, but that doesn't mean we should wait." Delays would mean the government would be incurring growing losses.

He defended the decision to accept debt from state entities, much of which is not being serviced, as payment for privatised companies. He argued that, if payment in the government's short-term debt were accepted, this would reduce pressure on Congress to pass essential fiscal reform.

BNDES has proposed changes which would mean that 10 per cent of the payment for privatised companies would be in cash, to be directed to a social fund. That move, however, would require Congressional approval, Congress having stipulated that proceeds from privatisation must be used to pay off debt.

The use of domestic debt has been highly controvesial. Brazilian newspapers yesterday said businessmen who met Mr Franco on Tuesday had reported the vice-president saying he favoured privatisations only for cash.

Attempt to prevent vote buying

By Christina Lamb in Rio de Janeiro

OPPOSITION parties in Brazil are demanding that all government expenses be subject to Congressional authorisation until after the vote on impeachment of President Fernando Collor, to prevent any attempts at vote buying.

The timetable for impeachment has set the vote for the last week of this month.

The opposition claims that Mr Collor's political advisers are using government money to fund projects so as to solicit the votes of the 168 Congress members needed to fend off the impeachment initiative.

The financial markets have reacted enthusiastically to the timetable, which they hope will mean an early end to the crisis. The main São Paulo stock exchange index rose 3.5 per cent early yesterday, after a 7.5 per cent rise on Tuesday.

Thailand to get offshore banking

By Victor Mallet in Bangkok

THE THAI cabinet has approved the establishment of a Bangkok International Banking Facility, which will allow foreign and local banks to set up offshore banking units (OBUs) with the initial aim of channelling funds to investments in the developing countries of Indochina.

It was one of the last decisions of the interim government of Mr Anand Panyarachun, who has introduced numerous economic liberalisation measures during his two terms. A general election is being held on Sunday.

The cabinet approved a plan permitting OBU licences and tax incentives for an unlimited number of local and foreign banks with branches in Thailand, and to as many as 20 foreign banks with no branches in the country.

Some Bank of Thailand officials regard the OBUs as a first step in an ambitious project to make Thailand into a regional financial centre, but others in Bangkok expect a slow start.

Dollars held by Thais overseas could probably be lured into the new system but only if the Thai OBUs offer interest rate premiums over their competitors, the bankers say. And on the lending side, Indochina is still regarded as a very high-risk market.

Several international banks have expressed an interest in the project. Those with branches in Thailand will divert business to their OBUs for tax purposes, and banks not represented in the country are likely to see an OBU licence as a chance to enter a restricted banking market. "New banking licences are like gold dust, especially in the developing world," said one banker yesterday.

Among the benefits of the OBU licence will be a corporate income tax rate of 10 per cent instead of the usual 30 per cent, a waiver of the 3.3 per cent turnover tax, and a waiver of the 10 per cent withholding tax on interest payments (although this last

Offshore banking units will enjoy corporate income tax of 10% and tax waivers

incentive does not apply to loans directed into the Thai domestic market).

Detailed regulations are expected to be announced soon, and a joint committee headed by the Bank of Thailand, the central bank, will screen applications.

"This is basically to make Thailand more at par with other financial centres where tax privileges are enjoyed," Mr Pisit Leeahtam of the central bank said yesterday.

Labour plans a radical path for Israeli economy

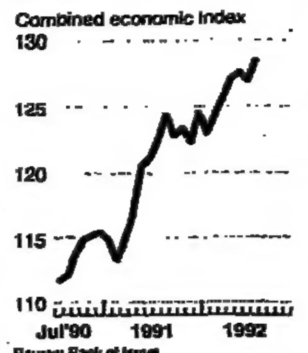
By Hugh Carnegy in Jerusalem

AFTER two months in office, Israel's Labour-led coalition government has this week set out its first broad policy initiative to tackle an economy weighed down by the cost of immigration and the double-digit unemployment the influx has fuelled.

A near Shk100bn (£21bn) budget for 1993 approved by ministers on Tuesday represents a cautious but marked shift away from the policies of the previous Likud-led coalition. Potentially much more radical is a package of structural reforms that, if implemented, would considerably undermine the big hold on the economy that the state has always exercised in Israel.

The spending plans slash overblown construction projects by more than half, including the Likud's controversial Jewish settlement building in the occupied territories. Instead, a Shk2bn schedule of infrastructural investment in Israel "proper" has been drawn up and room has been made for a Shk800m tax cut. The budget deficit of Shk5.5bn, or

Bank of Israel



Source: Bank of Israel

3.2 per cent of GDP, is on track for eliminating the deficit by 1995.

Conspicuous by their absence from the budget proposals are the $10bn in loan guarantees which Israel now expects to win from the US later this year. These are meant to help finance immigration absorption. However, the government's strategy is to keep borrowing backed by the loan guarantees out of projects directly funded by the state. Instead the guarantees will be used to finance private investment in the economy.

Mr Jacob Frenkel, governor of the Bank of Israel, said ministers should have gone further on investment and tax relief by opting for bigger housing cuts and cuts in the big defence and social service budgets. But the central bank also praised the budget as a step towards generating private sector growth that will eventually absorb Jewish immigration from the former Soviet Union. This now stands at more than 350,000 and, despite a sharp fall in influx rates this year, officials have estimated a further 120,000 may arrive in 1993.

Latest figures suggest the economy is picking up after a dismal performance last year when per capita growth was negligible despite a construction boom. Exports look set to grow by 10 per cent in 1992. Inflation for the year is set to be at its lowest for more than a decade at about 10 per cent. But such is the burden of immigration that the government says unemployment will drop by less than half a percentage point next year to 10.7 per cent of the workforce.

To help achieve faster growth, the government has adopted reform proposals that range from accelerating privatisation, through import liberalisation and capital market reforms to cutting the state's monopoly in areas such as land sales and telecommunications.

Many of these measures have been on the books for several years and may yet not see the light of day. But the government insists that it is serious.

But a bigger test lies in those areas which cut across the influence of the Histadrut trade union federation to which the Labour party is closely allied. Already the two are grappling over the heavily state-subsidised Kupat Holim health insurance system to which most Israelis belong and which is run by the Histadrut.

Many economists – and probably most Kupat Holim members – argue that it should be removed from Histadrut control and integrated into a reformed national health system incorporating state-provided and private medical services. The government has so far not committed itself to this.

The government has said it will end a system of providing high-interest state bonds for the Histadrut pension funds – which are also in deep financial difficulties. But it has hedged this by saying it will replace the system with direct state subsidies. Proposals to break the Histadrut's public transport monopolies did not appear in the government's reform package – not surprising, as the transport minister was until earlier this year the Histadrut secretary general.

Israeli governments have to date delivered much less structural reform than they have promised. The new government has set itself a formidable target by promising more than any other before it.

Peres bullish on peace talks

By Roger Matthews, Middle East Editor

MR Shimon Peres, Israel's foreign minister, concluded a three-day visit to London yesterday full of optimism about closer ties with the European Community and about the chances of progress in the Middle East peace talks.

He said Israel wanted to open a new chapter in relations with the EC following the victory of the Labour-led coalition in the country's June general election. Mr Peres was recently in the Soviet Union as part of a broader Israeli programme aimed at repairing old friendships bruised by the years of the previous Likud government and to begin new diplomatic contacts.

During talks with Mr John Major, the prime minister, and Mr Douglas Hurd, the foreign secretary, Mr Peres failed to win an immediate lifting of the British arms sales embargo imposed in response to Israel's 1982 invasion of Lebanon. But Britain had promised to review the embargo, said Mr Peres.

The Israeli foreign minister also expressed his hopes that the multilateral Middle East talks dealing with issues such as water and economic co-operation could be restructured so that all committees met at a single venue.

He suggested the creation of a new bank for the region along the lines of the European Bank for Reconstruction and Development.

As for the bilateral peace talks, Mr Peres declared that the recent negotiating session with Syria in Washington represented the best 10 days in the history of the two countries.

However, Mr Peres would not commit Israel to eventual withdrawal from the Golan Heights which it occupied in 1967 and said that the future for the Palestinians should be expressed in confederation with Jordan.

Mr Major has promised that Britain will do all it can to speed up the peace process, although there has been little evidence of European input during the six rounds of negotiations since last October.

Iraq denies attacks in south

By Roger Matthews, Middle East Editor

IRAQ was quick to deny US reports yesterday that it was attacking villages in the south of the country in defiance of UN Security Council resolutions and warnings from President George Bush.

The Pentagon reported that there was sporadic shelling by Iraqi forces in the marshes area north of Basra and several villages had been burned. Mr Pete Williams, the Pentagon spokesman, said President Saddam Hussein had more than 60,000 troops deployed south of the 32nd parallel, where the air forces of the US, Britain and France have been policing an air exclusion zone since August 27.

He added: "The Iraqi military is continuing its counter insurgency campaign in southern Iraq. They continue to make efforts to build a causeway through the marshes.

"They're burning some villages and there continues to be sporadic shelling," he said.

President Bush has stressed repeatedly in the past few weeks that Iraq must obey UN Resolutions to the letter and few senior officials in Washington appear to doubt that he is prepared to sanction air strikes if Saddam Hussein's defiance continues.

Perhaps with this in mind, Baghdad yesterday denied there was any shelling and claimed that prime aim of the US reports was to combat the boredom of its pilots operating the air exclusion zone.

Iraq also claimed that its deployment of armoured vehicles close to the Iran border was to stop infiltration by subversives.

Similar reports of villages being burned in the south were made last week by Tehran. Iraq said it had begun arming tribesmen in the south so that they could protect themselves against Iranian marauders.

US pilots reported making regular radar contact with Iraqi aircraft close to the exclusion zone but they have have not made any attempt to cross the 32nd parallel.

Hanoi and Beijing agree on Spratlys

THE foreign ministers of Vietnam and China gave assurances yesterday that their dispute over the Spratly islands in the South China Sea would not escalate into armed conflict, Reuter reports.

Nguyen Manh Cam, Vietnamese foreign minister, said in New Delhi that Vietnam had repeated its demand that China stop prospecting for oil in what it called Vietnamese territorial waters. The area for which China has signed a drilling contract with a US company was on the continental shelf of Vietnam, and Hanoi has asked China to cancel the contract, Mr Cam said.

But he added: "We decided at our summit meeting that relations would not come back to the period of the past 10 years." Vietnam and China fought a border war in 1979 and their navies clashed briefly over the Spratly Islands in 1988.

In Bangkok, Qian Qichen, Chinese foreign minister, said the dispute would not affect normalisation of ties between the two communist neighbours. "In our view, once the issue comes to peaceful negotiations, it is not difficult to reach agreement, or at least it will not lead to confrontation," Qian said.

Cam said Vietnam had proposed that the dispute be resolved through a regional effort by the six countries which have a total or partial claim on the Spratlys – China, Vietnam, Malaysia, the Philippines, Brunei and Taiwan.

● China's industrial production jumped 19 per cent in the first eight months of 1992 compared with the same period last year, the Xinhua news agency reported yesterday, AP-DJ reports from Beijing.

The State Statistical Bureau said that heavy industry output climbed 21.3 per cent from January to August and light industry 16.3 per cent to push total industrial production to 1,792bn yuan (£165bn).

Officials attributed the jump to faster economic development in southern China's market-driven coastal cities and a 40-50 per cent increase in joint ventures, the report said.

Rafsanjani China visit raises N-arms fears

By Yvonne Preston in Beijing

PRESIDENT Ali Akbar Hashemi Rafsanjani of Iran arrived in Beijing yesterday accompanied by his defence minister, amid western speculation that the three days of talks will include discussions on nuclear weapons co-operation.

The Iranian defence minister, Mr Akbar Torkan, will meet his Chinese counterpart, Qin Jiwei, today, the Chinese Foreign Ministry said.

The US has been concerned for some time about long-term Iranian plans to develop nuclear weapons with Chinese help. US officials believe China has supplied equipment to the Iranians which could make enriched uranium for nuclear weapons.

China dismisses the US fears and claims the mini-reactor and nuclear technology it has supplied to Iran are for peaceful purposes only. Iran also rejects US charges.

In July Beijing said it had started negotiations with Iran, Egypt and Bangladesh to export Chinese-made 300MW nuclear power stations.

Mr Rafsanjani's visit returns one made by Chinese President Yang Shangkun to Iran and Pakistan last October, a trip dogged by controversy over China's arms sales to both Islamic countries.

President Yang's visit pointed to the emergence of an embryonic alliance between Pakistan, Iran and China. All three have a common concern over the domination of the post-cold war world by the US, and particularly its expanding presence in the Middle East following the Gulf War.

Persistent speculation points to substantial Chinese assistance to Pakistan's nuclear weapons programme. Beijing denies nuclear military help, but it is building Pakistan a nuclear power plant.

Early this year China admitted that it had transferred M-11 tactical range missiles to Pakistan.

Iran and China both have interests in the newly independent central Asian republics and their Islamic revival movements.

Iran is jockeying with Turkey for spheres of influence in the region. China's extensive border with the central Asian republics give it, too, a substantial strategic interest. And the existence of its own Moslem populations makes China wary of the spread of militant Islamic influences from the former Soviet Union.

The issue of Chinese arms sales to the Middle East is of growing international concern in the light of China's threat to withdraw co-operation from UN Security Council disarmament talks following President Bush's decision to free sales of US F-16 fighters to Taiwan.

President Rafsanjani is welcomed by Iranian embassy staff on his arrival in Beijing for a three-day visit yesterday

New plan for HK airport

China has put forward new plans to resolve the conflict over financing of Hong Kong's new airport, Simon Davies reports from Hong Kong.

The Chinese are recommending part of the estimated HK$21bn (£1.36bn) proceeds from the sale of land along the airport rail link be used to fund the project. It is also believed to suggest the project should be separated from the accounts of the existing Mass Transit Railway Corporation.

BCCI creditors approve scheme

Large creditors of Bank of Credit and Commerce Hong Kong Ltd (in liquidation) have endorsed a repayment scheme, the bank's special managers said, Reuter reports.

Creditors owed more than HK$100,000 (£6,500) had voted 83 per cent by value in favour.

Under the scheme, creditors owed HK$100,000 or less will be paid back in full. Large creditors will receive a first dividend cheque estimated at 40 per cent of their claims.

BCCHK, local arm of Bank of Credit and Commerce International, was closed by the Hong Kong government in July last year after scandal engulfed the parent bank. Large creditors are owed a total of HK$4.3bn (£279m).

Pledge on Tajikistan

The fall of former Communist President Rakhmon Nabiyev will not lead to the creation of an Iranian-style Islamic state in Tajikistan, Mr Akbarsho Iskandarov, who has taken on the functions of president, said yesterday, Reuter reports from Dushanbe.

"That must not happen," Mr Iskandarov, the parliamentary chairman, told reporters at celebrations marking the first anniversary of Tajikistan's declaration of independence from the Soviet Union. "I can state with complete certainty that no one is raising that question. That is impossible. Even if anyone wanted to do that, he would not be able to."

Somalia waste dumping probe

The UN's environmental agency said yesterday it was sending a mission to Somalia to probe reports that European companies had targeted the devastated country as a dumping ground for toxic wastes, Reuter reports from Nairobi.

The announcement followed a flurry of reports since Friday that Italian and Swiss groups are involved in a huge project to export hazardous waste to Somalia, devastated by 20 months of civil war and famine.

Federalism also divides S Africa

Patti Waldmeir on debate over the future form of government

AS MARCHERS of the African National Congress (ANC) lay dying in the dust on Monday after a protest aimed at forcing the South African government to abolish the Ciskei black homeland, government experts in Pretoria were unveiling plans to do just that: to merge Ciskei and the nine other black homelands into a federal South Africa.

President F W de Klerk was addressing a conference of pro-government parties on the subject of federalism: what Mrs Helen Suzman, the veteran anti-apartheid campaigner, calls the "f" word.

She has captured the vehemence of the debate over whether South Africa – surely one of the most ethnically, racially, culturally and linguistically divided nations on earth – can best be governed as a federal or a unitary state.

There is no more difficult issue in South African politics; and when negotiations eventually resume on a new constitution, this debate will be the toughest to resolve, for it goes to the very heart of how political power will be shared in the new South Africa.

Federalism might seem an obvious solution for the problem of diversity and conflict. As Oxford political scientist R W Johnson points out, writing in yesterday's Johannesburg Star newspaper, "nowhere else in the world has the democratic government of so large and various a population even been attempted without resort to federalism".

The African National Congress (ANC) and the South African government yesterday were each meeting to decide whether to accede to demands by their hardliners to suspend negotiations. Leading figures on both sides have argued for a tougher approach. Officially, talks on a new constitution have been suspended since June, but contacts have continued between senior officials from the ANC and Pretoria.

Monday's massacre in the Ciskei black homeland has put these contacts into jeopardy.

Activists in Qwa-Qwa, smallest of the 10 homelands yesterday staged a protest demanding the resignation of Chief Minister T K Mopedi, and ANC officials were believed to be considering marches in the capitals of Bophuthatswana and KwaZulu.

Unfortunately for those who favour a federal solution in South Africa – the government, the powerful Inkatha Freedom party, and the liberal Democratic party – the very concept has been discredited by decades of apartheid, which was itself a demented version of federalism. For the guiding principle of apartheid was that each of South Africa's peoples – white, coloured, Indian, Zulu, Xhosa, Sotho, Swazi, etc – should be granted the right of self-determination in their own nation state.

Accordingly, 10 black tribal states were created (now known as homelands). Each was to have gained independence (four did accept independence, while the other six are known as "self-governing" states), as part of a confederation of regional states including white South Africa.

Given that background, it is scarcely surprising that the ANC views the government's plans for a federal South Africa as a renewed attempt to "divide and rule". And in a sense, it is right.

The government sees devolution of power to regional and local levels as the best means of preventing domination by an omnipotent black government ruling from Pretoria.

Independent constitutional experts argue that if ethnic and tribal minorities feel they have no chance of ever winning power, they will have little time for democracy. If they see a chance to exercise power at regional level – with all the patronage and privileges that that implies – they are less likely to revolt.

But the ANC is deeply suspicious of this argument. Its goal has always been to create a colour-blind South Africa where tribal divisions are subsumed in a single nationhood.

But the main complaint voiced by the ANC is not that the government would use federalism to build anti-ANC regional power bases, but that it would be used to preserve white privilege. "The struggle was aimed at fighting white privilege," says Mr Zola Skweyiya, head of the ANC's constitutional team, "but the National party's regional policy is designed to ensure white privilege is preserved. What black government can accept that?"

The government counters that none of its proposed seven federal provinces would have a white majority, so white domination of regional government would be impossible (though it acknowledges that the Western Cape province could be ruled by non-Africans, because whites and coloureds, the mixed race people who share a language and culture with Afrikaners, would be in the majority there).

But at the local level protecting whites is clearly one of Pretoria's aims. The aim is that crucial issues such as education and health should be handled at local authority level and, after decades of residential segregation, these authorities will not become integrated overnight.

The ANC does not dismiss devolution out of hand. Indeed, it pays lip service to the need for regional governments to bring democracy "closer to the people". ANC constitutional experts say central government in South Africa should have roughly the same powers as those in Germany. But they make clear that the goal of their regional policy is developmental, not political. They want to redistribute resources from richer regions to poorer ones, and insist that central government must have the power to achieve this.

Beechcraft a contender for BAe division

By Paul Betts, Aerospace Correspondent

BEECHCRAFT, the business aircraft division of the US Raytheon group, has emerged at the Farnborough Air Show as a strong contender to buy British Aerospace's corporate jet division.

BAe announced earlier this year it intended to sell a majority stake in its corporate jet division activities, which include the BAe 125-800 and 125-1000 jets, as part of its overall restructuring programme.

The UK group will unveil details of its latest restructuring on September 23 when it announces its financial results for the first half of this year.

The industry is expecting details of the eventual sale of the corporate jet division, as well as of the future of the company's loss-making regional jet operations.

BAe is considering withdrawing from the regional jet market if it fails to secure a partnership to ensure adequate capital resources to remain a significant competitor. It has been holding active talks with Taiwan on a partnership.

Details of a Beechcraft offer for the corporate aircraft business have not been revealed, but it is believed that the BAe activities could fetch about £200m and would complement Beechcraft's own executive aircraft products.

Beechcraft is the leader in the turbo propeller executive aircraft market and the BAe division would help the US company expand into the larger business jet market.

Two other potential buyers, including Dassault of France and Bombardier of Canada, indicated yesterday they had no interest in the BAe corporate jet activities.

Mr Serge Dassault, chairman of the French group, said his company wanted to develop its own products in the business jet market rather than buy other activities.

Mr Laurent Baudoin, chairman of Bombardier, said yesterday that BAe's corporate jet activities did not fit with the Canadian company's product line.

China threatens US with retaliation

By Alexander Nicoll, Asia Editor

CHINA's outrage at the US sale of F-16 fighter jets to Taiwan threatened yesterday to spill over into already testy trade negotiations.

Beijing warned that it would slap punitive tariffs on US goods including computers and aircraft if the US carried out its threat to impose tariffs on $3.9bn of imports from China unless China relaxes its import regime. The US has set a deadline of October 10, and its negotiators are due in Beijing at the weekend to seek an agreement on market access. Chinese officials had previously indicated that they were willing to loosen and clarify import restrictions.

China remains furious at President Bush's decision, announced last week, to allow the sale of up to 150 fighters to Taiwan.

It says the sale would violate the 1982 Sino-US communique under which Washington undertook to limit and eventually phase out arms sales to Taiwan.

It also accused the US yesterday of bad faith in the market access talks.

Talks fail to resolve EC banana quotas row

By Frances Williams in Geneva

TALKS between the European Community and a group of Latin American banana producers over proposed EC import barriers to bananas ended in failure yesterday. The talks were a first step under the disputes settlement mechanism of the General Agreement on Tariffs and Trade (Gatt), and could go to an arbitration panel.

The seven exporters – Costa Rica, Guatemala, Honduras, Nicaragua, Panama, Colombia and Ecuador – claim existing national trade barriers are discriminatory and that the EC plan, which extends import quotas and customs duties to all 12 member states, could halve their exports to the Community of 2.5m tons a year. The bulk of this goes to Germany, the EC's biggest banana consumer, where bananas enter duty-free.

Mr Roberto Rojas, trade minister of Costa Rica, said afterwards the group would raise the issue at the next meeting of Gatt's governing council on September 29. It would also be asking Mr Arthur Dunkel, Gatt's director-general, to call an urgent meeting of the surveillance body of the Uruguay Round of multilateral trade talks to rule whether the EC proposals violated a commitment not to introduce new protectionist measures.

Gatt procedures do not allow panels to be established until the rules being challenged have been adopted. Thus a request for a panel on the new proposals would have to await their endorsement by the council of ministers.

The plan drawn up by the European Commission would impose a basic banana import quota of 2m tons next year, with a 20 per cent tariff on bananas from the so-called "dollar region". Higher-cost bananas from Africa and the Caribbean would enter duty-free under the EC's Lomé Convention.

Mr Rojas said the scheme could cost the seven countries about $500m a year.

Brave investors size up 'the next tiger'

Vietnam could be the Asian opportunity of the '90s, writes Victor Mallet

THE uncertain allure of Vietnam for foreign investors is aptly summarised in the title of today's conference at the London headquarters of the Confederation of British Industry: "Vietnam – Asia's next tiger?"

There are plenty of reasons for that question mark, including the recent suggestions by the Vietnamese army newspaper that "imperialist and reactionary circles" are bent on subverting the country and that foreign investment could bring with it espionage and AIDS.

Even if potential investors were comforted by the subsequent reassurances of the communist government's economic reformers, they could hardly fail to notice that a hardline army was only one of a multitude of obstacles facing those who seek to do business in Vietnam.

Bureaucracy, corruption and smuggling are widespread, and the legal system rudimentary. After decades of war and mismanagement, transport and communications networks are hopelessly inadequate. The more business-minded southern half of the country, to which 80 per cent of foreign investment is directed, has been plagued by electricity shortages.

Attempts to improve the infrastructure are severely curtailed by the US embargo dating back to the Vietnam war. The US has blocked multilateral aid from the World Bank and the International Monetary Fund.

"If our economy is to take off we need a lot of co-operation with the international financial institutions and foreign companies," says Mr Le Bang, a foreign ministry official. "We need funds and know-how to take off."

As in eastern Europe, even the most enthusiastic foreign investors are hard pressed to find state enterprises which are worth buying; most are unprofitable, over-manned and under-equipped.

Two of the three investment funds established by foreign financial institutions have folded, and official figures showing foreign investment approvals of more than $3bn in the last four years are less impressive when one realises that less than half that amount has actually been invested.

Even the expanding oil industry now faces unwelcome concerns about Chinese claims to parts of the South China Sea, also claimed by Vietnam and earmarked for exploration.

Yet American businessmen – who can visit the country but not strike deals – can barely hide their frustration at their government's embargo; the Thais worry that a dynamic Vietnam of the future will tempt away their investors and undercut their exports; and the few bold British entrepreneurs working in Saigon, the southern capital officially called Ho Chi Minh City, believe their compatriots are missing out on the great Asian opportunity of the 1990s.

There are, in other words, as many reasons for optimism in Vietnam as for pessimism.

Vietnam has a substantial domestic market of 67m inhabitants, most of them hard-working and literate. It is not uncommon to see the poorest tricycle-taxi drivers reading books or serious newspapers on the streets of Saigon.

The lack of infrastructure represents opportunity as well as discomfort for foreign investors. The American embargo is being eased, and could be lifted after the US elections. A list of investment needs drawn up by the United Nations and the Vietnam government identifies nearly $7bn-worth of projects.

Japan and Singapore have lucrative trade relations with Vietnam, while Taiwanese and Hong Kong companies have won the lead in foreign investment, taking stakes in everything from the construction of export processing zones to mushroom-processing factories.

Giving a typical example of the potential for business in Vietnam, Mr Raymond Eaton, an Australian who heads the trading company Export Development Trading Corporation, told a seminar in Bangkok this month that Vietnam's average per capita consumption of pharmaceuticals amounted to only a dollar a year, a tenth of the average for the developing world.

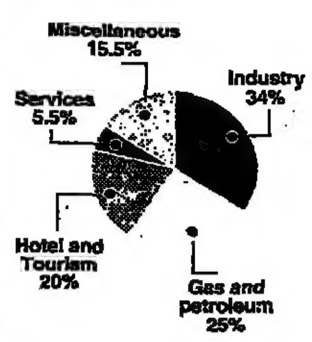
Given political stability and access to funds, he said, there was virtually no reason "why Vietnam cannot ultimately achieve the same type of impressive growth results as Thailand and other Asian 'miracle economies'".

JOINT-VENTURE INVESTMENT IN VIETNAM ($m)

Country	Number of projects	Total capital	Percentage of total investment
Taiwan	57	755.4	25.4
Hong Kong	86	462.3	15.5
Holland	5	258.5	8.7
Britain	9	189.8	6.3
Australia	17	170.7	5.8
Singapore	37	169.7	5.7
France	25	167.0	5.6
Japan	24	159.4	5.4
South Korea	14	126.5	4.3
Canada	9	95.8	3.2
Malaysia	11	89.7	3.1
Sweden	5	59.5	2.0
Thailand	20	42.0	1.5
Philippines	6	41.9	1.4
Others	65	185.5	6.2
Total	390	2,973.7	100.0

Source: Vietnamese Government/EDTC, Bangkok

Total capital $2.97bn as at July 17, 1992



Source: EDTC

Protest over Intelsat tender

By Daniel Green

MATRA MARCONI SPACE, the Anglo-French joint venture, has protested to Intelsat, the Washington-based international telecommunications consortium, alleging it changed the rules in a $200m tender contract in a way that favoured US satellite makers.

Intelsat will confirm in the next few days it has awarded the contract for the first of a new generation of satellites to the lowest bidder, GE-Astro, part of the US company GE.

Matra Marconi alleges GE Astro only had a lower bid because it was able to cut its initial price in an unprecedented second round of bids.

The Intelsat decision will be confirmed in a series of board meetings starting today and lasting until September 16. The Intelsat 8 communications satellites will be delivered from 1995 onwards.

Four companies tendered earlier this year for the contract: Hughes Aircraft and GE-Astro at a little more than $200m, Loral at $240m and Matra Marconi Space at $198m.

After these four bids were received, Intelsat eliminated Loral and announced a second round of bidding. In this round, GE-Astro cut its price by one third to about $145m.

"We are very disappointed at the way Intelsat has conducted the bidding," said Mr Claude Goumy, chairman of Matra Marconi Space, which is 51 per cent owned by Matra of France and 49 per cent by GEC of the UK. "We had it in writing that there would be one set of bids."

Another of the bidders confirmed that two rounds of bidding was "unusual".

It said: "Intelsat has previously only considered one round of bids and then chosen a lead contractor and a number two."

Intelsat replied to the criticisms saying it had an obligation to buy from the best value bidder and had used a two-round method in other contracts.

"We couldn't be happier with the way the procurement process has been conducted. We don't feel that anyone has been short-changed," said Intelsat.

Mr Goumy said he would be asking European Intelsat partners, which include France Telecom, British Telecom and Deutsche Telekom, to push the European satellite-making cause at the Intelsat board meetings.

Boeing sells $470m jets to Romania

By Paul Betts

BOEING yesterday announced a $470m order for 737 twin-engined jet airliners from Tarom of Romania.

The deal, announced at the Farnborough Air Show, includes seven firm orders and options on six more.

The aircraft will be powered by CFM56 engines developed by General Electric of the US and Snecma of France.

New aircraft orders have been rare at the Farnborough Air Show this week, reflecting the general downturn in the civil aviation industry.

Major plans to defy critics on Maastricht

By Philip Stephens, Political Editor

MR JOHN Major has signalled his determination to ride out a threatened winter of discontent among Tory MPs over the economy and Europe.

The prime minister, who will spell out his strategy in a speech to the Confederation of British Industry in Glasgow tonight, has told colleagues his critics have underestimated his commitment to the permanent defeat of inflation.

The speech, which will include a further re-affirmation of his support for closer European co-operation, coincides with intense discussions among senior ministers on the best strategy to outflank Tory critics of the Maastricht treaty.

Despite the growing unease on the Tory backbenches about the high level of interest rates need to preserve sterling's parity in the Exchange Rate Mechanism, Mr Major has flatly rejected suggestions that he will be forced eventually to devalue. The prime minister is convinced the duration of the recession is linked more closely to the slowdown in the world economy than to sterling's rate against the D-mark.

He is also pointing to the turmoil which has engulfed Nordic currencies to refute the argument of those arguing that sterling could be insulated from large-scale speculation outside the ERM.

Senior ministers, meanwhile, are discussing a range of options for the return to the House of Commons of legislation to implement Maastricht if the French referendum endorses the treaty on September 20.

A Yes vote in France is expected to be followed within two weeks by the promised Danish policy outlining the Copenhagen government's options following the treaty's rejection in a June referendum.

Ministers argue that Mr Major will then face strong pressure to hold a "paving" debate on the principle of Maastricht as soon as the House of Commons returns from its summer recess in mid-October.

Labour in further disarray over ERM

By Alison Smith

DISARRAY within the opposition Labour Party over UK membership of the European exchange rate mechanism deepened yesterday as Mr David Blunkett, 'shadow' health secretary, called for the opposition to support a currency realignment.

Mr Blunkett's words came the day after Mr Bryan Gould, 'shadow' heritage secretary, launched a sharp attack on the Maastricht treaty and on the deflationary nature of the ERM.

Speaking in Sheffield, Mr Blunkett welcomed the measures the party had already outlined, but added: "The benefits which were gained 25 years ago when belatedly sterling was realigned, could provide the basis for our economic recovery today."

Mr Blunkett's words are more cautious than Mr Gould's but they intensify pressure on the party leadership to ensure that there is a full and open debate on the stance it should take over the impact on the domestic economy of the high interest rates needed to support the pound in the ERM. Mr Gould refused to rule out resigning from the shadow cabinet over Europe "in theory" but denied there was any rift in the party.

Unionists walk out of Ulster meeting

By Tim Coone, in Dublin

THE round-table talks on the political future of Northern Ireland hung in the balance last night after a walk-out by the leaders of the fiercely pro-British Democratic Unionist Party (DUP).

The Rev Ian Paisley and Mr Peter Robinson, the DUP leaders, abandoned the "Strand Two" talks at Stormont Castle – attended by the four constitutional parties in Northern Ireland and the British and Irish governments – complaining that the two articles of the Irish Republic's constitution, which establish a territorial claim to Northern Ireland and which the Unionists wish to see dropped, should be a priority in the negotiations.

After his walk-out Mr Paisley said: "The Irish government has persuaded the other people at the talks that articles two and three are not to be given priority, and so they have put them at the bottom of the agenda. As long as that prevails we will not be there."

The DUP has, however, left two representatives at the negotiating table to monitor the discussions, and it is understood Mr Paisley told the other participants that he and Mr Robinson would return to the negotiations once articles two and three are discussed.

Mr John Hume, leader of the pro-nationalist SDLP, said Mr Paisley seemed to want to discuss only Unionist proposals.

"What is being discussed are the obstacles which lie in the way of North/South relations. I am quite prepared to discuss everybody's attitude but I would not confine myself to my own."

The DUP's action raises fears that the entire process may be on the verge of breakdown.

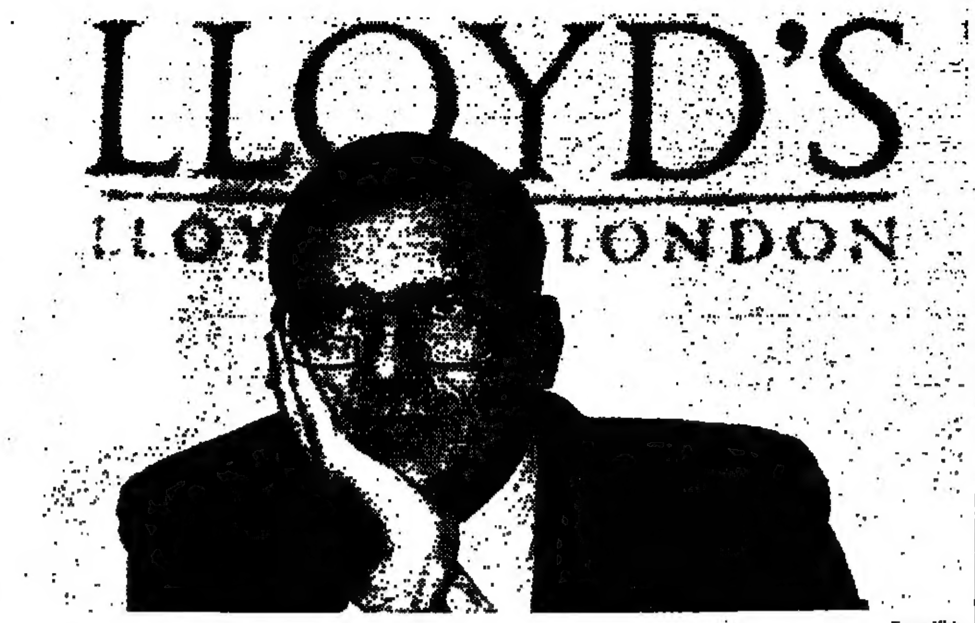
The Strand Two talks are due to continue until September 28, with one more round at Stormont next week and a final round taking place in Dublin.

A "Strand Three" meeting, between British and Irish government officials, is due to take place in London on Friday.

LLOYD'S OF LONDON

New executive vows to restore calm

By Richard Lapper



Terry Kirk

Fronting Lloyd's: Peter Middleton yesterday contemplating the future of a 'fabulous brand name'

MR PETER Middleton, formally appointed yesterday as chief executive officer of Lloyd's of London, denied that he had been handed a "poisoned chalice".

"Lloyd's is a great institution and a fabulous brand name. Although it may be a bit tarnished, it will not take long to restore," said Mr Middleton, a businessman and former diplomat who is joining Lloyd's after a year of turmoil unprecedented in the insurance market's 300-year history.

Record losses of £2.06bn were announced by Lloyd's in June when the market reported its results for 1989. Further losses are likely in the next two years when results are reported for 1990 and 1991.

Hundreds of the 22,300 individual Names, whose assets support the market's capital, are already facing financial ruin.

Mr Middleton, 52, spent 16 years in the diplomatic service before joining Midland Bank International in 1985. He later led the expansion of travel, leisure and foreign exchange activities at the bank's subsidiary, Thomas Cook, before negotiating the group's sale to German interests earlier this year.

Mr Middleton, who will receive a pay package worth £250,000, including pension contributions, said his lack of experience of insurance was "probably a bonus".

"My job is to pull together a vision of the future of Lloyd's and how it will develop over the next three to five years."

Although Mr Middleton's combination of diplomatic and business experience may help him to administer the highly complex market, his background and interests will set him apart from establishment figures at Lloyd's.

A former monk, Mr Middleton studied philosophy in the Sorbonne, speaks fluent French and professes abiding passions for motorcycles and Middlesbrough FC, his hometown football club.

He will be the first chief executive of a new market board, being formed to spearhead efforts to reduce costs, improve the market's professionalism and reverse the decline in Lloyd's share of international specialised commercial insurance and reinsurance business.

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MPs to meet over Gulf, Yugoslavia

By Alison Smith

THE CROSS-PARTY defence committee of MPs has taken the rare step of deciding to meet during the parliamentary recess, to take evidence about the deployment of British forces in the Gulf and in the former Yugoslavia.

Just a week after Mr John Major dismissed a request from the Labour leadership to recall the Commons, the Tory-dominated committee announced that it planned to question Mr Archie Hamilton, the armed forces minister.

Meeting in the recess is not unprecedented but it is an unusual move which reflects the concern among MPs of all parties at the deployment of British troops without parliament's being kept informed.

Sir Nicholas Bonsor, the Tory chairman of the committee, denied that the committee's decision was a criticism of the prime minister's refusal to bring MPs back to Westminster to debate foreign affairs.

Six Tornado aircraft began taking part in the UN enforcement of the "no fly" area in southern Iraq late last month. Some 1,800 troops are ready to leave for Bosnia, and are expected to depart within the next few days once the signal has been given by the UN.

European cure for UK's growing pains

Paul Cheeseright looks at a report on partnership in regional economic regeneration

A STUDY of economic regeneration in four regions of continental Europe has been used to produce a framework for successful partnership schemes in Britain.

Business in the Community, the business-led charity, published the advice at a special conference which met yesterday to discuss the regeneration of the east Midlands.

The report relies on studies undertaken in Catalonia, Spain; Hamburg, Germany; Limburg, the Netherlands and Lombardia in Italy. The charity produced the report with Coopers & Lybrand, the accountants.

The report proposes guidelines for successful regeneration. Key players in a local partnership should have a common vision of economic development and support for existing business. They should harness their efforts on a large enough scale to permit economies of marketing, research and administration. The business community needs to be involved and formal planning techniques should be used.

At the same, the key players should have not only firm agreements on their respective roles but also should pool their resources towards a few defined goals.

The final recommendation is that business methods – rigorous analysis and research – should be used to achieve the specified goals.

The conference heard Mr David Grayson, managing director of Business in the Community's business strategy group, explain that the UK was the world leader in the number of economic regeneration schemes it produced: but they are often unco-ordinated.

Nationally, organisations involved in economic development trip over each other, the conference heard. They include 440 local authorities, 82 training and enterprise councils, 300 local enterprise agencies, 200 chambers of commerce, enterprise boards, urban development corporations, tourist boards, not to speak of community and charitable trusts, myriad private sector companies and national organisations like the Confederation of British Industry, the employers' association, and the Rural Development Commission.

Collaboration between such organisations, noted Mr Lyons, can take place at different levels – national, regional, local, district. The challenge of development "is not the prerogative of any one level, any one sector. It is not a job for the public sector alone. But it cannot be done without public sector involvement," he said.

Mr Grayson suggested "seven deadly sins", seven factors which can scupper a drive to the regeneration of area:

- unrealistic time scales – initiatives take time to come to fruition;
- unrealistic funding – not enough money addressed to a problem;
- confused economic and social goals;
- too many different priorities;
- too much readiness to assume that people can be taken from one culture to another quickly;
- out-of-date conceptions of public accountability;
- piecemeal decision-making.

New regulator faces boycott by top banks

By Norma Cohen, Investments Correspondent

BRITAIN'S four largest clearing banks have told regulators they will not participate in the Personal Investment Authority, a proposed new self-regulatory body.

The PIA is intended to improve investor protection and spread the cost of compensation more widely.

The banks' stance could make it impossible to form the PIA. Life insurance companies, which provide most of the funding for the current self-regulatory structure, said they will not participate if banks and building societies pull out.

If the PIA fails to get off the ground, the government is likely to review the self-regulatory structure for the financial services industry, according to banking sources. "Sir Brian Hays [chairman of the PIA formation committee] has been telling the banks that if PIA fails, self-regulation fails," said one banker familiar with the talks.

The PIA is intended to merge Lautro, the self-regulatory body for the life insurance and unit trust industries, and Fimbra, whose members are independent financial intermediaries. It is intended that the unit trust sales forces who are members of Imro, which oversees the fund management industry, would join the PIA as well. The PIA would have to be approved by 70 per cent of Lautro and Fimbra members.

"Most of our members believe the Financial Services Act hasn't worked at all," said one building society representative. A switch to direct government regulation is not likely to be any worse, he added

The primary objection voiced by Barclays, National Westminster, Midland and Lloyds is that they will be forced to increase radically their contributions to the Investors Compensation Scheme to cover defaults among small independent financial intermediaries.

The banks also fear that life insurers, their keenest competitors, will control at least a third of the votes on the PIA's board. "Effectively we are going to be regulated by our competitors," said one banker involved in the talks with the PIA's formation committee.

Another fear is that if each member is entitled to a single vote on major issues, the banks will be outvoted by small advisers on critical matters.

Under the Financial Services Act, companies must be members of one of four self-regulatory organisations (SROs) covering different types of business but may not be forced to join any particular one.

They also have the option of seeking direct regulation from the Securities and Investments Board which oversees the SROs. The life insurance and unit trust arms of the big four clearing banks are mostly regulated by the SIB, as are some building societies.

A consultative document outlining the charter of the PIA, which is designed to regulate the sale and marketing of all retail financial products, is to be released on September 24.

The consultative document is expected to offer a variety of inducements intended to encourage all purveyors of retail financial services to join the PIA.

Mowat customers unsure of refunds

THOUSANDS of people who booked holidays with Mowat, the failed property and leisure group, will have to wait several days to find out whether their money is safe, receivers Touche Ross said yesterday, writes Michael Skapinker.

Touche Ross, which took control of Mowat yesterday morning after a syndicate of 13 banks decided to put the company into administrative receivership, said all bookings for holidays until October 3 would be honoured.

Mr Nigel Atkinson, one of the Touche Ross receivers, said he had not yet calculated how many holidays had been booked for the autumn period. Earlier this week, however, Mr Brian Dunlop, Mowat chairman, put the number of bookings for the rest of September at 20,000. He said there were an additional 43,000 bookings for the remainder of the autumn.

Mowat, which owns 11 holiday parks throughout England, was not a member of the Association of British Travel Agents (Abta) and its holidays were not protected by a bond. Its demise was yesterday greeted by further calls for the government to protect holidaymakers.

Mr Nigel Griffiths, Labour consumer affairs spokesman, said the Department of Trade and Industry should liaise with Abta on which travel companies might be in trouble.

Mother Teresa of Calcutta visited Birmingham yesterday looking at sites for a new homeless hostel in Britain's second city

Recession holds back executive pay

By Lisa Wood, Labour Staff

THE RECESSION has held down top management's base pay rises this year, according to figures published yesterday by Monks Partnership, the independent remuneration advisers.

Rates of increase for the base salaries of main board directors fell from a median of 14.3 per cent for the year to July 1991 to 7.7 per cent during the present year to July, according to a survey based on data from more than 600 companies.

Parent company senior managers below board level saw their salary rises decline from 9.3 per cent in 1991 to 5.3 per cent this year.

The rates of pay increases of subsidiary company executives also fell, although less dramatically.

Senior managers' pay rises have evidently fallen more sharply than that of the workforce generally, with government figures showing average earnings increasing by about 7 per cent in a similar period, compared with 9.2 per cent in the previous year.

Performance bonuses, a main component of executive pay, have also been adversely affected by the recession.

Britain in brief

Touche Ross gets BCCI documents

Touche Ross, liquidators of the collapsed Bank of Credit and Commerce International, won a High Court order requiring the Serious Fraud Office to disclose documents seized from three former senior executives with the bank.

The documents were obtained by police from the London homes of Mr Agha Abedi, BCCI's founder, and Mr Swaleh Naqvi, a former BCCI chief executive, and from a safe deposit box in the name of Mr Zafar Iqbal, a former BCCI deputy chief executive.

Many of the documents are thought to concern "problem loans" and relate to work done by Price Waterhouse, BCCI's auditors, for an investigation set up by the Abu Dhabi government. The flight log of the BCCI jet will also be handed over to the liquidators. The order, which was unopposed by the SFO, follows unsuccessful attempts by Touche Ross to obtain documents from the three men themselves.

Fault stops N-processing

Reprocessing at British Nuclear Fuels' Sellafield plant in West Cumbria, north west England, has been halted because of a malfunction in the plutonium evaporator, a key element in the reprocessing operation.

BNFL confirmed that reprocessing, which stopped on Tuesday, was unlikely to resume before next week, as the fault had not yet been detected. Once it has been, repairs will need to be carried out and assessed before operations resume.

Sponsors spend £15m on ITV

Independent Television is likely to raise some £15m this year through sponsorship deals, reaching about £50m a year by 1995-96, according to Mr Alan Chilton, chairman of the ITV sponsorship committee.

Mr Chilton predicted expanded interest in advertisers using ITV sponsorship avenues, and that the company was looking to follow the French model, achieving 2 per cent of net advertising revenue from sponsorship.

Australian paper deal

An Australian paper and packaging group is signalling its faith in the future of the European market by investing A$68m (£25m) in building a corrugated box manufacturing plant near Chester, north-west England.

The 70,000 tonne capacity plant being built by Amcor is expected to come on stream early in 1994. It will create up to 150 jobs.

English put on school agenda

The government's mission to put Shakespeare, the Queen's English and traditional teaching back into the classroom took a significant step forward yesterday with its decision to establish a full enquiry into English in the national curriculum in England and Wales.

The enquiry, to be conducted by the National Curriculum Council (NCC), a government quango, will concentrate on the teaching of "standard English", the reading of "great literature", and the mastering of "basic writing skills".

Island sold

Gigha, a small island off the coast of Argyll, has been sold for £2m to Mr Derek Holt and his wife June, ending months of uncertainty over the island's future after it was repossessed from its previous owner by a Swiss bank.

The 3,400-acre island off the Mull of Kintyre was bought by Mr Malcolm Potier, a property developer, for more than £5m in 1989, but was repossessed earlier this year. The Holts' business interests include a marina at Inverkip, Ayrshire.

Report warns of deprivation

Economic and social change in Britain's rural areas is creating poverty, deprivation, distress and unemployment which has been largely ignored by the government, according to a report published by the Duke of Westminster.

The report calls for the government to launch similar programmes to those devoted to inner-city regeneration.

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Complaints reach new high

Complaints to England's three local government ombudsmen, who investigate alleged bad practice by councils, have risen by nearly a third. Complaints in the year to March were up from the previous year's 9,169 to 12,123 – a 32 per cent rise – according to the ombudsmen's annual report.

CRE urges ethnic checks

The Commission for Racial Equality has called on the government to make it compulsory for all employers to carry out ethnic monitoring as a part of a package of measures to tighten up race laws.

TECHNOLOGY

Escalators may have a humdrum role but building the longest in western Europe has proved to be no easy task, write **Andrew Baxter and Bethan Hutton**

Life's little ups and downs

The diary of Richard Burbage, manager of Harrods in 1898, recalls that shoppers overcome by the experience of travelling on Britain's first escalator were revived with brandy or *sal volatile* dispensed by an attendant positioned at the top.

Burbage, according to the Shell Book of Firsts, had "an unreasoning dislike of lifts," and persuaded the Knightsbridge store to instal the 40ft-long Reno Inclined Elevator, patented by Jesse W. Reno of New York just six years earlier.

Nearly a century later, would-be passengers on the longest escalators in western Europe, at the new Angel station on the London Underground, might feel they deserve similar resuscitation after the problems of the past month.

Dogged by difficulties, the three 60m-long escalators are still not functioning properly, delaying the opening of the long-awaited £70m new station for Islington's commuters. But an end to their long wait is in sight.

The delay has been irritating for passengers, who have been shuttled around by bus while the new station stays closed, and embarrassing for both the London Underground and Construction Industrielle de la Mediterrannée (better known by its logo CNIM), the big Marseilles-based company which designed and built the escalator.

But the saga has also been embarrassing for the escalator industry, which is not used to having the reliability of its products questioned. Escalators, after all, are relatively simple people movers which are built to last, and normally do.

Some of the London Underground's escalators are now being replaced after as much as 60 years of sterling service. "These escalators are very heavy duty. They take a hell of a beating," says one producer.

Switched on in the morning, and off late at night – or occasionally left on permanently – escalators simply keep on going, requiring routine maintenance but rarely any fundamental rebuilding during their working lives.

The basic technology is tried and tested. The first step-type escalator with a comb-plate landing device was introduced commercially in 1921 by Otis, the US lift and escalator producer which is now part of United Technologies, and the basic combination of an electric motor driving a chain held by two sprockets has not changed since then.

There have, naturally, been developments in escalator safety circuits, such as systems to stop the motor if a passenger's hand goes too far down the handrail at either end, and in the use of materials. Again safety has been the prime consideration, with wooden escalators now seen as a fire risk following the King's Cross disaster in 1987.

There have been innovations such as energy-saving stop-start mechanisms – approach an apparently resting escalator on the Munich subway and it will start rolling just before you step on it – and gimmicks such as helical escalators, which are both technically daunting and commercially dependent on booming markets for swanky offices and department stores.

In general, though, escalators, because of their humdrum, continuous task, have missed out on the major developments in lift technology introduced by the same big producers over the past 20 years – variable speed drives, talking lifts, lifts with memories and remote monitoring techniques.

This is what makes the Angel saga so frustrating for commuters. Things happen in lifts, because the relationship between the passenger and machine is much more complex, but escalators are simply not expected to break down.

Angel Station first started having capacity problems in the mid-1980s, when Islington became an increasingly popular place to live, and passenger volume rose about six-fold when volumes elsewhere were shrinking.

At that time the station had no escalators, only three lifts, each with capacity for about 30 people, and which were slow and unreliable. The station serves 8m people a year (about 20,000 a day) so the lifts were clearly inadequate.

Reconstruction of the station started in 1989, and preliminary work on construction of the escalators started more than a year ago.

Everything went according to plan until the last few days before the escalators were due to come into service, on Sunday August 9. Safety regulations require a commissioning test, when the escalators must run for 24 hours continuously with no problems. This was carried out on Friday 7 and Saturday 8 August, when the first problems emerged with the power supply. The supply in the area was not sufficient to serve the whole station and the escalators at the same time.

While adjustments were carried out, the opening was delayed until Wednesday August 12. The station was then open for a day and a half, after which further problems emerged with the control electronics, partly related to the earlier power supply problems, causing the escalators to cut out when fully loaded.

A faulty chain brake switch was erroneously signalling that the chain was sagging as soon as passengers got on the escalator, thus bringing it to a stop. The glitch was corrected, and a final extensive test carried out on August 18, when some 400 LU employees travelled up and down the escalator to ensure it was running smoothly.

This was crucial for safety reasons, as the sudden stopping of a fully-laden escalator – about 180 steps with two people on each one – could be potentially disastrous by causing a human avalanche. The escalator passed that test, but in the process engineers discovered gaps between the steps and the skirtings of as much as 9mm in total on both sides, large enough for a child's finger to become caught, or for small objects to slip down into the machinery. The opening was delayed once again.

London Underground and CNIM will not go into detail about the causes of the problem, but industry observers suggest some possibilities. First, the Underground traditionally specifies a fabricated step, which is welded together from pieces of steel and then has an aluminium alloy tread bolted on top. It says this lasts much longer than the one-piece die-cast step used on other metro systems.

There is some debate about how much more durable the fabricated step is, but at about 45kg it is three times heavier than a die-cast step and much harder to manufacture to very tight tolerances because of the welding and subsequent cooling which distort the steel.

Die-cast steps, in contrast, can be milled to very high levels of precision, says one escalator producer. And LU requires the gap between the steps and the skirting to be no more than 5mm in total over both sides – tougher than the 7mm British Standard recommendation. With wear and tear, the gap will widen, so the tighter specification gives LU some leeway.

The features of a fabricated step become particularly important on a long escalator, which is like a bicycle chain on two sprockets. The weight of so many fabricated steps may have contributed to the earlier power problems, and the longer the chain, the more opportunity there is for lateral movement. That could have increased the gaps between the treads and the skirtings.

Historically, escalators have simply been "side-guided" – the skirting keeps the train in line on the track – but a number of guidance systems are now used, such as a lipped edge to the track, or a ridge into which the chain interlocks. CNIM says that the guidance system it is using at the Angel is the same as it uses on all its escalators, long or short.

The French company has been given three weeks to sort out the gaps, and the deadline elapses next Thursday. But yesterday London Underground said it was hopeful of being able to run a further 24-hour test to ensure that the problem has been resolved, and open the escalators to the public, before then. The gap is now down to about 6mm, spread over both sides, and the target is 4mm.

Islington's long-suffering commuters will then have their new station, but that might not be the end of the affair. LU will reportedly claim hundreds of thousands of pounds compensation from CNIM, but says officially that seeking compensation will depend on the final length of the delay. Its managers, meanwhile, might be forgiven for resorting to the Burbage remedy for escalator angst.

Designers check out the chip library

Louise Kehoe on a quick way to produce 'mixed signals'

In the electronics industry, last year's product is already a dinosaur. The market lifetime of many types of electronic products is shrinking rapidly, forcing manufacturers to accelerate design and development cycles.

One bottleneck has been the development of custom semiconductor chips; devices that are designed to meet the specifications for a particular product.

In the digital world of computers, several short-cut "semi-custom" approaches to chip design are well established. But bridging the digital and "real world" of analogue signals is more difficult. Demand for such "mixed signal" chips is rising with the use of increasingly sophisticated electronics in, for example, cars, household appliances and industrial control applications.

The automatic breaking systems found on some cars and the control devices used in washing machines require both digital and analogue circuits. Home automation, lighting control and any type of motor control also span the digital to analogue divide.

Producing such combinations of digital, analogue, power and memory circuits on a single chip, to provide lower cost, smaller and more reliable devices, is one of the most challenging tasks facing the semiconductor industry. Doing so fast enough to keep pace with accelerating product life cycles is even more demanding.

Taking a new approach to the problem, Texas Instruments, the leading US chip maker, has devised a new design method it calls Prism based upon "reusable engineering".

In concept, Prism methodology can be likened to a library that has integrated circuit elements on its shelves instead of books. When a customer outlines a need for a new semiconductor, the TI design team does not have to create it from scratch.

Instead, the engineers can go to the "library", find predefined modules and re-use them to meet the customers' needs.

The techniques make it easier to customise semiconductors, meaning designers can add unique capabilities to their products more quickly than their competitors, providing a critical time-to-market advantage. The chip design time can be cut from a year to as little as three months, and full production can be achieved in just six months, TI claims.

Prism also permits a new level of integration – combining multiple semiconductors with different functions on a single chip – thus decreasing the component count in new electronic systems by as much as 50 per cent.

"Prism methodology addresses a number of our customers' most important concerns," said Tom Engibous, senior vice-president of TI's semiconductor group.

"It shortens time-to-market, reduces development cost, lowers component count and makes it easier to design the end products. Current customers in automotive electronics have been pleased with the results enabled by Prism methodology, and we are expanding its use into other areas."

Another important element of the Prism approach is that it permits reuse of test programs and qualification data, meaning new test procedures do not have to be redefined for each product. This represents a significant step forward in reducing the time required to get a new chip to market.

The Prism concept also extends to the manufacturing process, which is segmented into modules so that only the steps that are needed to produce a specific chip are used.

An important advance achieved by TI has been to squeeze power transistors, used in high-voltage applications, into the same miniature geometries that are standard for digital circuitry.

For the end user, faster development of more highly-integrated chips promises lower prices and more features. In the automotive market, for example, automatic breaking, cruise control and other features found mostly on top-of-the-line expensive cars can be expected on lower cost models.

MANAGEMENT: MARKETING AND ADVERTISING

David Barchard looks at selling financial services

Banking on nice little earners

Over the last decade, Britain's high street banks and building societies have stopped thinking of themselves as suppliers of services and begun to call themselves retailers.

As a result savings accounts, insurance policies, mortgages, and credit cards are all routinely referred to as products. But if they are products being sold to the public by retailers, should they have their own brandings?

Unlike most retailers, banks and building societies normally sell only their own products and the primary purpose of their marketing is to attract consumers to a particular organisation. That at least is the classical view. One of its strongest defenders is Halifax, the UK's largest building society.

"The society's marketing is designed to ensure that each product contributes to a central theme and that they do not have a life of their own which may create confusion in the consumer's mind," says Dick Spellman, Halifax's general manager of marketing.

Spellman's strategy concentrates on a strong central branding designed to convey the message that Halifax is the industry's giant and that as far as savers are concerned, there is strength and safety in numbers.

"For us, the brand can only work if it is recognised by large numbers of people over time," he says.

Halifax tries to instil consumer recognition by giving its products names with an 'X' in them. "We try and imbue the 'X' into product names such as Apex, Extra, and Maxim, and get them to feed off each other," says Spellman.

Nationwide, the second largest society, last year made a much more radical attempt to stand out from the pack. Its excursion into designer advertising, to create brand awareness for the organisation as a whole, was short-lived. The television-watching public was baffled by black and white shots of a son travelling by bus through Fiji while reading a letter from his father back in England. "The campaign increased awareness for us but it was unexpected from a building society," Nationwide says.

Subsequently it has concentrated on trying to build up its image as a friendly provider of home loans, and does not try to encourage specific brand names for its products. Its latest advertising campaign is modestly entitled "Our Customers".

"There is a number of good name brands in financial services but none of them can do without the name of the home organisation in front if it," says Nationwide. However it concedes that some strong sub-brand names have succeeded and points to Barclaycard as one of the best.

Flexaccount, the cheque book current account Nationwide launched in 1987, came close to developing into a brand in its own right, but that reflected the fact that Nationwide was promoting the first mass-market, interest-bearing cheque book current account which required an especially emphatic marketing drive.

Most other large building societies have followed the same course. Woolwich, Alliance & Leicester, and Cheltenham & Gloucester do little more than promote awareness of their names. National & Provincial has gone slightly further by adopting a mascot, a cheerful but sightless bee, to symbolise it.

Building societies generally like to promote a slightly antiquated and changeless corporate image to signal to potential customers how secure they are.

However, one building society has struck out on a different course. Leeds Permanent, Britain's fifth largest building society, believes in developing strongly branded products. In complete contrast to the solid images others are promoting, Leeds Permanent has utilised the appeal of wide-boy Arthur Daley in its advertising.

Alongside its own corporate branding and logo, relaunched two years ago, it has promoted a savings brand name – "Liquid Gold", a current account which combined high interest rates with instant access.

"Our share in the savings market for Liquid Gold is something like twice our overall market share," says Chris Chadwick, commercial director at Leeds Permanent.

Leeds Permanent's other savings products "are merely products with a name and have not been developed," he says. About £20m has been spent over five years developing Liquid Gold. The society is now planning to spend more than £3m promoting Homearranger, a mortgage with a range of back-up services intended to make life easier for the customer.

The clearing banks have had a mixed experience with the branding of products. Midland Bank has quietly retreated from the high profile branding of the late 1980s for its Vector, Meridian, and Orchard current accounts.

The credit card world provides a particularly striking illustration of the way in which strong product brandings can come into conflict with changes in the market.

When the credit card market opened up in the late 1980s, Barclaycard began to issue MasterCard products as well as Visa. Barclays was able to launch a new Barclaycard MasterCard product without much difficulty, but Connect, the Barclays debit card, does not belong to the family.

The consortium of high street banks which issue the rival Access brand hit even greater problems. The Access branding distracts from the card-issuer's identity. The banks have greatly increased the prominence of their logos on both the credit cards and the monthly statements to customers, but some Access customers still do not realise that their card is part of their banking relationship with NatWest, Lloyds, Midland or Royal Bank of Scotland.

Access is also a UK-only branding: outside the UK, customers have to learn to respond to the MasterCard global brand name or in countries such as Germany, to the Eurocard brand name.

Worst of all, the shared Access branding means that the public cannot differentiate between the services being offered by each individual member bank.

'X' for publicity at the Halifax while the Leeds Permanent opts for the Arthur Daley approach

Agency steps into a brave new world

By Gary Mead

The acronyms are becoming ever-more labyrinthine. Yesterday the Saatchi & Saatchi group announced that two of its agencies – the north American Campbell-Mithun-Esty (CME) and the London-based KHBB – are linking up from October 1 to create an international agency network, to be known as CME-KHBB.

The group already has two international networks: Saatchi & Saatchi Advertising Worldwide (SSAW) and Backer Spielvogel Bates Worldwide (BSB). Each competes against the other as well as against non-Saatchi group agencies, and each has outposts round the globe offering the whole range of advertising services.

In contrast, the new network will offer a distinctly different service, eschewing domestic advertising and clients and pitching solely for multinational business.

According to Stuart Bull, who will head up CME-KHBB, the new network's multinational-only approach is driven by the accelerating cultural convergence between countries and regions. This convergence has been speeded by increased travel, improving communications technology, global fashion trends, and – in the EC – by legislation.

As a result, a more homogeneous world is presented to producers of consumer goods. Multinational corporations are therefore seeking to market themselves regionally and globally, with a single, consistent cross-border advertising message.

Bull argues that advertising agencies will, in future, need to be "transnational", serving transnational clients; alternatively, they will need to remain much smaller, operating on a domestic plane, with domestic-sized revenues to match.

He supports his thesis by research from the Saatchi group, which purports to show a significant mismatch between what advertisers want and what they get from a multinational agency. Saatchi asked 1,000 large companies in the Asia-Pacific rim, the US and Europe how they viewed their global advertising campaigns.

The survey found that 75 per cent looked for strategic consistency – the same message aimed at the same type of audiences – in their campaigns, but just 18 per cent felt they achieved that goal.

The Saatchi group is prepared to invest up to £20m in the new network over 10 years, funding generated from the network's own cash-flow. But unlike the acquisition-driven (and debt-laden) growth of the group in the 1970s and 1980s, it is intended that the CME-KHBB network grows organically.

Organised on a "hub and spoke" system, the first hubs to open are in London, Paris, Toronto and five US cities. In theory, the hubs will operate as full-service agencies, being the command centre for strategic campaigns.

The spokes (five in Europe, 22 in north America and one in Hong Kong) will provide input to the planning decisions at the hubs, but exist primarily as low-cost outposts, tailoring the strategic marketing decisions to local demands and dealing with more diffuse areas of marketing such as promotions, display, customer care and direct mail.

The financial spine of the new network is also a new departure. One of advertising's sacred cows – widely under attack today – is the 15 per cent commission fee paid by advertisers to their agencies.

CME-KHBB's clients will pay by negotiated fee, with incentives and bonuses for achievement of pre-agreed targets.

Another taboo is salaries, which represent 50-60 per cent of Saatchi group costs; CME-KHBB promises to reduce that to 40-45 per cent. And while most large agencies are currently struggling to achieve margins of 7 per cent, CME-KHBB hopes to hit the road with margins of 10 per cent, meeting Scott's group target of 12 per cent margins by 1994.

Peter Mead, chairman of a rival agency, Abbot Mead Vickers, believes that CME-KHBB should have a good future: "They were very good agencies in themselves and it makes a lot of sense, as good agencies draw strength from being associated with each other."

Will the new network set the champagne popping? Its underlying "logic" is in tune with these cautious times. On the other hand, the Saatchi empire wholeheartedly backed the "logic" of the ferocious acquisition-bent 1980s – and came a cropper.

New generation tastes take teacup by storm

Britain's tea market, cool in recent years because of competition from other drinks, is being warmed up by the development of new products.

A new generation of teas has begun to change the nation's traditional tea-drinking habits, fuelling a 6 per cent growth in retail sales last year to £662m.

A survey* published today estimates that sales of speciality products increased 50 per cent in 1991. They now account for 9 per cent of total sales, worth £60m. Forecasts suggest the sector will be worth £100m by 1995.

For the past five years, the industry has poured resources into development of new products. The biggest impact has been made by instant teas. The brands introduced by Brooke Bond, Lyons Tetley, and Premier Teas, the industry leaders, have captured a £33m share of the market.

For the health-conscious, decaffeinated or low-caffeine teas have grown rapidly as improvements have been made in taste and prices have been reduced. Organic teas became available in 1989 when Ridgways launched the first product developed for environmentally-conscious consumers. Lyons and several multiple retailers have also introduced organic brands.

For the traditional tea-drinker, the Extra Fresh extension of Premier Teas' Typhoo brand last year claimed improved flavour from vacuum-packing the tea on the estates where it is grown.

Retailers own-label brands are now helping to build the category.

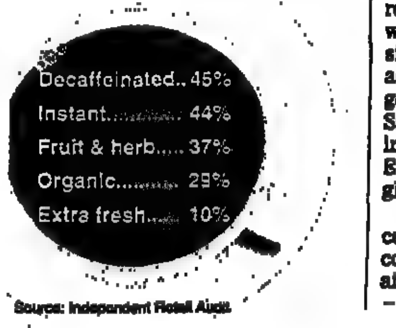
For more adventurous, up-market consumers, herbal and fruit infusions are becoming more attractive.

* *The Tea Report 1992, Typhoo, 156a Tooley St, London SE1 2NR*

Philip Rawstorne

New generation teas

Volume growth Jan-May 1992 verses Jan-May 1991



Source: Independent Retail Audit

PEOPLE

Cottam takes over at HML

The conservative new chairman of Haden MacLellan Holdings could hardly present a greater contrast to Philip Ling, his 46-year-old entrepreneurial predecessor with a penchant for heli-skiing and drag hunting. Former Ernst & Young UK managing partner Harold Cottam, 53, has arrived to "bring some stability and create a better image in the City", according to Mel Hawley, HMH chief executive.

Ling, the consummate 1980s wheeler-dealer, had at the beginning of this year agreed with the board to distance himself from the company he took public just weeks before the 1987 stock market crash, becoming non-executive chairman this April. At that time, it was already envisaged he would resign when the company found a suitable successor, Hawley explains. Among a growing number of non-executive activities, Ling is chairman of the venture capital arm of Invesco MIM.

Cottam, who sat in on Tuesday's board meeting to approve the half year figures announced yesterday, explains that the mood of the company has changed – it is focusing more on core activities, and has only made three acquisitions in the past two and a half years. As if to emphasise the break with the past, Cottam has not even met Ling, who did not attend the meeting.

Hawley says that Cottam's industrial experience is "somewhat limited" but his experience of managing the merger between Ernst & Whinney and Arthur Young counted for a lot, as did his good City contacts. "He is a very conservative guy with a very wise head." Ironically, some of his industrial experience comes from a job with Simon Engineering Consortium Group in Spain in the late 1960s – long before, however, Ling made his disastrous management buy-in bid for Simon Engineering.

Although non-executive, Cottam thinks he will be spending "quite a lot of time restoring confidence and going to see a lot of people".

Stephen Robinson, a management accountant who has spent the past 13 years with the Burton Group, is moving to Edinburgh to take charge of the retail division of John Menzies with effect from the beginning of next year.

"This is a career move," says Robinson of his departure from the UK's second largest clothing retailer that has been beset by management changes and eroding profit margins.

Ranald Noel-Paton, John Menzies' group managing director, says that Robinson "seemed to us to have the strengths, in depth, in the areas necessary for the retailer of the 1990s. The complexities of the market mean you have to be very numerate these days. He is also a tremendous team leader."

Robinson, 45, will replace Bob Black, who has been managing director of John Menzies Retail since 1983. In that time Black has refocused the chain from a preponderance of corner stores to concentrate on high street outlets; he has presided over the acquisition of a chain of stores from the Martin Retail Group; and recently set in train an important systems overhaul.

Black, who is taking early retirement at the age of 58, was appointed to the main board in 1984. His successor, however, does not immediately join the board.

Joining Burton in 1979 as finance director of the retail division, Robinson became a director of Debenhams before moving on to Principles for Men, then Top Shop and Top Man, in both cases as managing director. He had taken up the same position at Champion Sport just last December.

Meanwhile, moving north of the border should be easy enough for Leeds-born Robinson, who is married to a Scot and worked for Vickers in Edinburgh, where both his children were born, before he transferred to Burton.

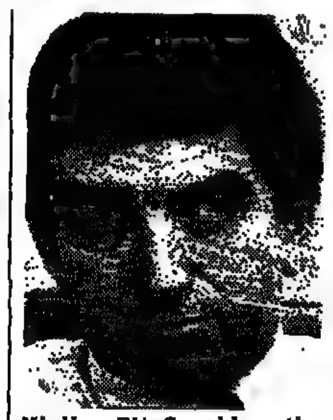
Luke Rittner moves to Sotheby's

Luke Rittner, who two years ago quit as boss of the Arts Council on a matter of principle, has at last found a worthwhile job. He is moving to Sotheby's as its first director of communications.

Rittner, 45, appointed by the then Mrs Thatcher to bring a monetarist approach to arts spending, became an enthusiastic advocate of subsidy and objected to moves to make the Council a poodle, with the Arts Minister of the day making all the important decisions.

He suffered for his beliefs, and, apart from work as a consultant on the British arts events at Seville's Expo 92, has been under-employed. But Lord Gowrie, an Arts Minister with whom he worked well, is now chairman of Sotheby's Europe and, while he is on the road bringing in new business, he felt the auction house needed a safe pair of hands to deal with clients and governments, as well as the press.

By coincidence, Rittner's deputy at the Arts Council, Richard Pulford, who in 1986 quit to become general director of the South Bank Arts Centre, is also moving. He is off to the US for personal reasons. The artistic director Nicholas Snowman takes on Pulford's responsibilities; there had been a feeling that the tandem at the top was no longer necessary but Pulford's departure is generally regretted.



Niall FitzGerald, the 46-year-old chief of Unilever's detergents' business, has been appointed a non-executive director of the Prudential Corporation, Britain's biggest institutional investor.

FitzGerald's appointment comes less than a month after Andrew Teare, English China Clays' chief executive, was appointed to the board and is another sign that the Prudential is intent on bringing in a new generation of younger non-executives as the older ones retire. When FitzGerald takes up his directorship on January 1, the Prudential will have six executive and 10 non-executive directors.

Irish-born FitzGerald is one of a group of younger Unilever directors who are regarded as possible candidates for the Unilever chairmanship.

He joined the main board in May 1987 and is currently in charge of a radical restructuring of Unilever's detergents. Industry analysts believe that if he makes a success of his latest challenge he will be a contender for the chairmanship of Unilever at some stage.

In some respects FitzGerald is not a typical Unilever man. He is more flamboyant and outspoken than many of his colleagues and whereas most of them devote their life to Unilever, he has started to collect outside directorships. As well as the Pru, he also sits on the board of the Bank of Ireland.

More non-execs

- Martin Corke and Bernard Tickner have retired from GREENE KING.
- David Atterton, former chairman of Foseco, and John Parker, chairman of Harland and Wolff, at BRITISH COAL CORPORATION.
- Graham Webster at BETT BROTHERS.
- Chris Oberst, president of the International Meat Secretariat, at WESTLAKE SHEFFIELD.
- George Hardie, joint group md of Johnson Firth Brown, and Roger Kingdon, a director of Teeside Urban Developments, at The HOPKINSONS GROUP.
- Susan Ellen (below), md of BUPA Health Services, at Asda.

Cinema

Citizen Roberts

BOB ROBERTS **Tim Robbins**
LES AMANTS DU PONT NEUF **Leos Carax**
IMMACULATE CONCEPTION **Jamil Dehlavi**
HOUSESITTER **Frank Oz**
CHRISTOPHER COLUMBUS: THE DISCOVERY **John Glen**

BOB ROBERTS, written and directed by its star Tim Robbins, is an awful warning about American politics. "Who needs a large-screen warning when the small screen assaults us daily with the gladiatorial fatuities of Bush versus Clinton?" I hear you ask.

Be comforted. *Bob Roberts* has nothing to do with the real world and much to do with a film star turned film-maker who fancies himself as the Orson Welles *de nos jours*. Physically, Robbins, last seen as the movie mogul hero in *The Player*, has the young Welles's baby-fat features and loose, commanding presence. Artistically, though, the resemblances are more sketchy.

This tale begins *Citizen Kane*-style with a newsreel resumé of our senatorial contender hero's career to date – ex-rock singer, leader of the anti-drugs crusade Broken Dove, "crypto-fascist clown" according to some – but goes on to trade the provocatively freewheeling for the progressively facile.

We know Bob Roberts is a Bad Thing, because the film keeps telling us. Politically he is somewhere to the right of Michael Douglas's Gordon Gecko in *Wall Street*. "We're marching for self-interest..." sings Miss Broken Dove at a rally for the Roberts faithful; and if that does not get us hissing another early scene will. Our (anti-)hero is rudely put in his place by a TV interviewer. "I wouldn't vote for you if my life depended on it," she snaps just after they have been on air; "she" being black and a woman, which is two strikes for political correctness right there in reel one.

Soon Gore Vidal is wheeled on as Senator Brickley Paiste to drawl out liberal barbs. And as a black reporter for "Troubled Times" (equals Rolling Stone), Giancarlo Esposito is given the film's gadfly franchise, whining and stinging around Robbins/Roberts until he (Esposito) is arrested after a rigged assassination scuffle.

But if the movie is an essay in lay-it-on liberalism, cloned from the likes of *The Candidate* and Robert Altman's TV series *Tanner 88*, it is oddly enjoyable. Brisk acting and bright editing help, but the real rescue act comes from the background details and the cameo walk-throughs by the famous. TV news shows are briskly satirised, with players like Susan Sarandon, Fred Ward and James Spader putting the boot into folksy anchorpersons.

Gore Vidal purls epigrams through pursed cheeks, a patrician treat as the opposition. And with dark glasses and barely a line of dialogue Alan Rickman even suggests Mephistophelean evils in our hero's campaign adviser. Like many shallow films, *Bob Roberts* is fun to splash around in as long as one does not expect to be able to dive in from the high board.

Nigel Andrews

Les Amants du Pont Neuf is a film about excess – both romantic and cinematic. It is the tale of a homeless street performer (Denis Lavant) and a young artist (Juliette Binoche) who has taken to the gutter after learning that she is going blind. They meet sleeping rough on Paris's Pont Neuf and are soon having a passionate affair that involves varying amounts of sex, intoxication, tenderness and thievery.

Writer-director Leos Carax throws all caution to the wind in telling the lovers' story, moving recklessly from one daring set-piece to another. He is not afraid to have his couple water ski down the Seine as fireworks cascade from above, or show the nearly sightless Binoche breaking into the Louvre to run her fingers over a Rembrandt. Contrasted with these lyrical moments are distinctly earthy scenes, such as documentary footage shot in a refuge for the homeless or a midnight romp on a beach with an erect Lavant prancing through the surf like a naughty Greek deity.

Despite Carax's flair and commitment, his film fails to grip the emotions the way it does the eyes and ears. Binoche and Lavant are so relentless they seem like automata whose directional switches are stuck on "passion". Carax has said he wanted to show love in its "raw" state, without the "trappings" of bedrooms or small talk or, alas, laughter. Unfortunately, he seems to have succeeded.

Writer-director Jamil Dehlavi's *Immaculate Conception* is another film dealing with the weightier aspects of love-making. James Wilby and Melissa Leo play a young Western couple who, while working in Pakistan, visit a fertility shrine run by eunuchs in an effort to have the child they have always wanted. After being drugged and unofficially inseminated by the local stud, Leo has her child, only to have her marriage fall apart when her sceptical husband insults the eunuchs and then cheats on her. All the while, the nation around them is in turmoil, with the Rushdie riots and the death of President Zia adding a further sense of danger to their predicament.

The best thing about the film are the insights it provides into modern Pakistani culture, but Dehlavi is unable to carry through his complex story, complicating it with pointless subplots and relying too often on ham-fisted melodrama.

Romance receives a far more antiseptic treatment in *Housesitter*, an amusing and only occasionally vapid farce, starring Steve Martin as a lovelorn architect who joins forces with good-hearted con woman Goldie Hawn to win back the girl of his dreams. No points for guessing the outcome. Director Frank Oz keeps things enjoyable by minimising Martin's mugging and letting the resourceful Hawn do most of the work.

Which brings us to *Christopher Columbus: The Discovery*, a woefully inept effort which is best left undiscovered. The makers must have intended the film to be a good old swashbuckling epic, though the whole thing comes across as an uninspired parody of the genre. It is hard to know what to single out for criticism here, though Mario Puzo's cliché-ridden script should be used as a "how-not-to" manual for budding screenwriters. The acting, which features such castaways as Tom Selleck as King Ferdinand and Rachel Ward as Queen Isabella, is uniformly bad, with the exception of Marlon Brando as Torquemada, who chooses not to act at all in his ten minutes on screen, thereby inoculating himself against assessment.

Stephen Amidon

Kathleen Chalfant as Constance Roberts and Tim Robbins as Bob Roberts

June Moon

HERE'S a twist: not another musical to lift the spirits during the recession, but a well turned play about creating popular music which enables the cast to enjoy a song and dance finale and the audience to leave the theatre smiling.

June Moon was the only collaboration between Ring Lardner and George S Kaufman and was a Broadway hit during the Great American Depression. It surfaces brightly at Hampstead with hopes of a West End transfer and its snappy dialogue, racy characters, and boy gets girl plot are all in its favour.

Fred (charmingly played by Adam Godley) is an aspiring lyric writer from Sennectady. On the Pullman to New York he meets Edna (Maria Gough) who is his perfect match in naivety and ordinariness. With the lovelight in his eyes, Fred suddenly realises that June rhymes with moon, and, can you believe it, so does spoon. Edna helpfully adds macaroon. Fred is a Holy Fool, totally in tune with popular taste, and "June Moon" is an instant hit.

But Tin Pan Alley is a treacherous place and Fred's innocence is threatened by Eileen (Susannah Fellows) who knows how to spend his advance. With the help of the wise cracking Maxie (Frank Lazarus) who plays Cupid, the plot twists to a happy ending.

What lifts *June Moon* above an enjoyable P.G. Wodehouse style yarn is the setting. Tin Pan Alley in 1929 was a factory at full capacity, with song writers in their cubicles churning out songs like "Ain't Misbehavin", "Singin' in the Rain" and thousands more that never made it.

Lardner and Kaufman lay bare the hard cheerless graft of it all, with Paul (Neil McCaul) living off the glory of his one hit "Paprika" and the aspiring Benny (Clive Walton) playing his novelty number "Hell Tokio" to the window cleaner for want of an audience. Behind the optimistic numbers and the sentimental numbers, the marriages of the writers crack up and the power of the publisher corrupts.

Designer Michael Holt, helped by a revolve, makes the tiny Hampstead stage seem quite spacious. Godley, all nervous body language and guileless charm, is a good foil to the New York sophisticates, and Lazarus, the in-house pianist, has all the best lines. "The tune's easy to remember and if you forget, it doesn't make any difference" is his laid back reaction to most new songs.

Director Alan Strachan has effectively scaled down *June Moon* to a chamber musical play. There seemed to be plenty of moist eyes to go with the lifted spirits at the end, which should be a winning combination.

Antony Thorncroft

Hampstead Theatre, Swiss Cottage Centre, London NW3, (071) 722 9301

Boris Godunov

FOR an opera rich in panoply and set in a variety of imposing locations, *Boris Godunov* is seen in concert form with surprising regularity. Musorgsky's historical narrative must be thought sufficiently strong to stand alone with minimal sets and costumes to provide further adornment.

Although *Boris Godunov* itself has visited the Proms before, the performance of the opera on Tuesday marked the first appearance in any Promenade season of Opera North. The company was bringing the production which has served it well over the last three years. For the purposes of this outing it had two specific advantages: this was the shorter 1869 version (easier on the feet of those standing) and it was being sung in English.

The latter is a point of some importance. The details of Russian history, often expounded in lengthy passages of narration, need to be grasped easily by listeners new to the opera. A decent proportion of the sung words was audible at this performance and the rest could be filled in by looking at the complete text printed in the programme.

It also sounded as though the conductor, Paul Daniel, was striving to allow his singers to be heard. He galvanised the English Northern Philharmonia into more dynamic and accurate playing than it had managed for the company's recent Tchaikovsky double-bill. The Chorus of Opera North made a strong impact.

The cast was much the same as for the revival earlier this year. Matthew Best was a dignified Pimen, wanting a degree of verbal bite. Ann Howard and Brian Bannatyne-Scott did not overplay the humour of the scene between the Hostess and Varlaam. Melanie Armitstead and Ann Taylor-Morley, as Xenia and Feodor, were the two refreshing women's voices. Graeme Broadbent and Stephen Gadd were notable among the basses.

Above all, however, dominated the Boris of John Tomlinson, a voice and a personality several times larger than any other on stage. After a summer at Bayreuth, he arrived with Wotan still in his soul and it was sometimes difficult to reconcile his outgoing and physically active Boris Godunov with that of tradition. Every word, though, so forcefully declaimed, must have carried to the furthest reaches of the Albert Hall.

Richard Fairman

Dedicated provider of a public service

Andrew Clark talks to Hugues Gall, director of Geneva's opera house

ASK Hugues Gall, director of Geneva's Grand Théâtre, why there are no star singers in his opera programme, and the answer is unequivocal. "We're handling public money. We're providing a cultural service, so the aim is to satisfy our public with a balanced policy, not to make big splashes.

"We're not interested in singers flying in for three or four performances, for which we have to charge gala prices. We want consistency throughout the run. We want a repertory balanced between the 17th century and the present, and a policy which makes each season a link in the chain between past and future. This is our *mission culturelle*."

As Europe's opera managers prepare for the onslaught of a new season, many wish they could follow Gall's approach. After 12 years in Geneva, Gall, 52, commands international respect for the quality of his programme. His cast-lists are full of young, talented singers, but he still attracts top-rank artists for lower fees than they receive elsewhere. His widely-spaced stagione programme means that each production is properly rehearsed.

Hugues Gall

With no resident music director or ensemble, he has complete personal control over choice of repertoire, cast and production team. He has a 98 per cent attendance record, with more than 50 per cent of seats sold in subscriptions before the season begins – reducing his dependence on safe repertoire. The top seat price is less than £50.

Gall, a self-effacing Frenchman who served his apprenticeship under Rolf Liebermann at the Paris Opéra in the 1970s, is the first to admit that Geneva conditions cannot and should not be reproduced elsewhere. He points to the different artistic traditions and political circumstances of leading companies.

His prescription for success is simple: "First, you need complete political support from the government which subsidises you. Then you need a strong management team with a clear vision of how they want the institution to develop." With 75 per cent of his own budget coming from the Geneva taxpayer, Gall is a firm believer in culture as a public service.

Like most of his continental colleagues, he was appalled by the erosion of government support for the arts in Britain during the 1980s, and says the international reputation of the Royal Opera has suffered as a result. "British companies deserve less criticism for the struggles they have, because their ratio between quality and public subsidy is better than in any other country.

"What British companies have achieved with limited resources is incredible. You can make up for money to some extent with imagination, talent and management skills, but that limit has long been passed at Covent Garden. National institutions should never be obliged to find so much private money."

Gall is no disinterested observer: an unashamed Anglophile, he was the only foreigner invited to contribute to the Priestley report on Covent Garden, commissioned by the Thatcher government in the early 1980s. Nor does he reject sponsorship – "as long as it is only icing on the cake. As soon as you increase your dependence on private funding, by raising seat prices or giving blocks of tickets to sponsors, you change your public. It becomes less democratic and often less discerning."

"We don't despise sponsors, but they're not a "spontaneous" public – if it was free, you wouldn't see 1 per cent of these people. That's what I mean by *mission culturelle*: in Europe we've achieved a lot of things better than other parts of the world, and that includes the way we pay for the arts. The state provides not just for our physical health but our cultural well-being."

But in these recessionary times, can any opera company escape the financial squeeze? Gall acknowledges that when governments cut spending, culture budgets are often the first to suffer. The best defence for opera companies, he says, is to show the breadth of their appeal – one reason why Geneva has reluctantly embraced surtitles. "If I was running a major festival like Glyndebourne or Salzburg, I would stick to my convictions and resist surtitles: people who can afford that sort of time and money should also have time and money to do their homework. But I accept surtitles in my own theatre because we want to make it easy for people to join the club, to open our doors to a wider public.

"Two or three generations ago, people were born into the club, it was in the family, you didn't need to tell the story of *Manon* because the opera public learned it at home. Today, opera companies have to provide political justification for the money they receive."

As far as singers are concerned, Gall bemoans the fact that most national operatic schools – France and Italy included – can no longer adequately cast their native repertory with native talent. That is one reason why he admires Britain. He speaks of British singers' professionalism and artistry, of their ability to adapt to other traditions and styles; the list of British singers regularly invited to Geneva is proof of his faith.

He welcomes the increased mobility of singers in the jet age, but has no sympathy for the minority who abuse it. He has successfully sued artists who broke their Geneva contracts to pick up better-paid work elsewhere. Not that he begrudges the stars their astronomic fees. "Gold is gold, and the pleasure of hearing a unique voice like Pavarotti's can never be measured in terms of money. Today's stars are no more nor less concerned about money than Caruso, Melba or Tamagno were. Fortunately, such artists are not crucial for an opera season. In Geneva, we hire singers not because they sell well, but because we think they'll be good.

"When everything works – when sound, singing and staging are in harmony... people forget how much they've paid for their ticket."

Gustave Charpentier's Louise, **conducted by Armin Jordan and staged by Christian Aeby, opens the 1992-3 season in Geneva on Friday. The production runs till September 27**

Booker Prize shortlist

THE six novels shortlisted for the Booker Prize are:
Black Dogs by Ian McEwan (Jonathan Cape £13.99)
The Butcher's Boy by Patrick McCabe (Picador £14.99)
Daughters Of The House by Michele Roberts (Virago £14.99 – not yet published)
The English Patient by Michael Ondaatje (Bloomsbury £14.99)
Sacred Hunger by Barry Unsworth (Hamish Hamilton £15.99)
Serenity House by Christopher Hope (MacMillan £14.99)

The prize is worth £20,000 and the winner will be announced at a dinner on October 13.

INTERNATIONAL ARTS GUIDE

AMSTERDAM

Muziektheater 20.15 First night of Dutch National Ballet mixed bill, with choreographies by Maguy Marin, Hans van Manen and Krzysztof Pastor. Runs till Sep 25, with next performances on Sat and Sun. Tomorrow and Mon: Samson et Dalila (6255 455)
Concertgebouw 20.15 Riccardo Chailly conducts the Royal Concertgebouw Orchestra in works by Mendelssohn and Schumann. Tomorrow: Netherlands Chamber Orchestra plays Webern, Mozart and Schubert. Sat: La Stagione Frankfurt performs Haydn's *L'anima del filosofo*. Sat, Sun and Tues in Kleine Zaal: Borodin Quartet. Mon: Gwyneth Jones sings Wagner (6718 345)

● Riccardo Chailly and the Royal Concertgebouw Orchestra are on tour over the next two weeks, taking in Eindhoven (tomorrow), the Châtelet in Paris (Sun), Dortmund (Mon), Bonn (Tues), Bologna (next Thurs and Fri), Turin (next Sat) and Seville (Sep 21 and 22). The orchestra's next Amsterdam concert is on Sep 30, with piano soloist Martha Argerich.

BERLIN

CONCERTS
Schauspielhaus 20.00 David Shallon conducts the Berlin Symphony Orchestra in works by Jan Klusak and Mahler, repeated tomorrow and Sat. Sun: La Stagione Frankfurt presents an all-Haydn programme (East Berlin 2090 2267)

Philharmonie 20.00 Simon Rattle conducts the Berlin Philharmonic Orchestra in works by Berg and Suk. Sun and Mon: Giulini conducts Verdi's Requiem (West Berlin 2548 8232)

Philharmonie Kammermusiksaal 20.30 Andras Schiff and friends play piano trios by Smetana, Kubelik and Mendelssohn. There are further chamber music concerts with Czech repertory tomorrow and Sat (West Berlin 2548 8232)

OPERA/BALLET
Deutsche Oper 20.00 Chang Mu Dance Group from South Korea, also tomorrow. Sat: Fidelio. Sun: Aribert Reimann's new opera Das Schloss (West Berlin 3410 249)
Staatsoper unter den Linden 19.00 Claus Peter Flor conducts Der Freischütz, with Reiner Goldberg and Magdalena Hajossyova. Tomorrow: Swan Lake. Sat: Paul Dessau's opera Die Verurteilung des Lukullus. Sun: Carl Orff double bill (East Berlin 2004 762)

BONN

BEETHOVEN FESTIVAL
Berio and Mahler share the limelight at this year's festival in the Beethovenhalle, which opens tonight and runs till Oct 4. Tonight's concert, featuring Berio's Boccherini arrangement La Ritirata Notturna and Beethoven's Seventh Symphony, is conducted by Dennis Russell Davies. Kurt Masur conducts the Leipzig Gewandhaus Orchestra in an all-Beethoven programme tomorrow and the first symphonies of Beethoven and Mahler on Sat. On Sun, there are two chamber music recitals, plus a Vienna Philharmonic concert conducted by Claudio Abbado, with Maurizio Pollini soloist in Beethoven's Fourth Piano Concerto. Mon: Davies conducts a concert performance of Fidelio. Tues: Royal Concertgebouw Orchestra. Other visitors to the festival include the London Classical Players and the Hanover Band (775775)

GENEVA

OPERA
Tomorrow at the Grand Théâtre, Armin Jordan conducts the first night of Christian Aeby's new production of Charpentier's Louise, with Mary Mills in the title role. Runs till Sep 27, with next performance on Mon (311 2311)
THEATRE
Molière's L'Ecole des Femmes, directed by Raoul Pastor, opens at the Théâtre de Carouge next Tues, and runs till Oct 11 (343 4343)

GHENT

FLANDERS FESTIVAL
Michael Morgan conducts the Belgian National Orchestra in tonight's concert of works by Bernstein and Dvořák. Sat: Philippe Herreweghe conducts the Collegium Vocale in music by Du Mont and Lully. Next week: The King's Singers, plus Belgian Radio Orchestra. There are festival events in Ghent till Oct 13 (Tel Brussels 640 1525)

LONDON

THEATRE
● Hamlet: Robert Sturua's production, starring Alan Rickman and Geraldine McEwan, runs till Oct 10 but is already sold out. Some standby tickets are available at 12.00 each day (Riverside Studios 081-748 3354).
● Someone Who'll Watch Over Me: Frank McGuiness' much-praised new play about three hostages keeping each others' spirits up has just transferred to the West End from Hampstead, starring Alex McCowen (Vaudeville 071-836 9987).
● Valentine's Day: a musical adaptation of Shaw's comedy You Never Can Tell, starring Edward Petherbridge. Directed and choreographed by Gillian Lynne. Now previewing, Press night next Thurs (Globe 071-494 5067).
● An Inspector Calls: J B Priestley's psychological thriller, directed by Stephen Daldry, opens tomorrow in the Lyttelton and continues till the end of Oct in repertory with Alan Bennett's The Madness of George III, starring Nigel Hawthorne. The National Theatre also has Robert Lepage's mud-bath production of A Midsummer Night's Dream, Shaw's Pygmalion, Théâtre de Complicité's production of Street of Crocodiles and Tony Kushner's Angels in America (National Theatre 071-928 2252).
● Rosmersholm: Annie Castledine directs Francesca Annis and Corin Redgrave in Ibsen's drama of thwarted passion. Limited season from next Thurs till Sep 30 (Young Vic 071-928 6363).

PRAGUE

CONCERTS
● Tonight in the Basilica of St George, Collegium Flauto Dolce gives a concert entitled Prague in the time of Rudolph II and London in the time of Queen Elizabeth. On Sat at the Monastery of St Agnes, Jiri Hurnik and friends give a trio recital (232 2501)

● London Brass Virtuosi give a recital tomorrow at the Smetana Hall, followed by a Vivaldi and Mozart programme by the Virtuosi di Praga on Sat. Mon: Pavel Kogan conducts the Czech Radio Symphony Orchestra in a Tchaikovsky programme. Next Thurs: Simon Estes sings American songs. Next Sat: Slovak Chamber Orchestra (232 2501)
● The Prague Symphony Orchestra's new season begins on Sep 22 with a concert conducted by Richard Buckley at the Smetana Hall (232 2501). Jiri Belohlavek conducts the first Czech Philharmonic concert of the season next Thurs at the Dvořák Hall (286 0111).

OPERA
The Prague State Opera (formerly Smetana Theatre) has daily performances except Mon. The repertory includes Otello, Entführung, L'Italiana in Algeri and Swan Lake (Wilsonova 4, tel 265353).
● For pre-booking and information about other events, contact city centre ticket agencies (Sluna, Wenceslas Square 28 in the passage, tel 260693, or Bohemia, Na Prikope 16, tel 228738, or Melantrich, Wenceslas Square 38 in the passage, tel 228714) and theatre box offices.

STUTTGART

LUDWIGSBURG FESTIVAL
I Salonisti give tonight's concert of salon music in the Musikhalle. Tomorrow in the Theater im Forum, the Stuttgart Ballet opens a week-long run of performances of John Cranko's production of Prokofiev's ballet Romeo and Juliet. Sun: Andreas Schmidt, accompanied by Roger Vignoles, sings Winterreise. Sep 23: Vienna Burgtheater gives first of three performances of Claus Peymann's production of Macbeth (7141-949610)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY
CNN
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0830-0900 (Mon) FT East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Tues) Media Europe – what's new in European media business
2130-2200 (Wed) FT Business Weekly – global business report with James Bellini
0830-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly

Sky News
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

SATURDAY
CNN
0900-0930 World Business This Week - a joint FT/CNN production
1900-1930 World Business This Week

Super Channel
1930-2000 FT Eastern Europe Report

SUNDAY
CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1800-1830 FT Business Weekly

Sky News
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Thursday September 10 1992

Closed skies over Europe

THE HEALTH of the world airline industry has been a commercially delicate issue for years. It is now becoming very delicate politically as well. Last week's "open skies" agreement between the US and the Netherlands, whereby US and Dutch airlines have unrestricted access to each other's airports, might seem an outbreak of common sense in a notoriously over-regulated industry. Viewed in a wider context, it is a step backwards.

The history of air transport is bedevilled by ingrained notions of national interest. In reality, security of the skies and national flagship carriers are no longer live issues. But the vestiges remain. The typical national airline is state-owned and subsidised accordingly. The slots which give access to national airports are carved up on a nakedly anti-competitive basis.

Meanwhile, the world airline industry is in financial crisis, partly as a result of deregulation. The solution lies in rationalisation and merger. Ultimately, the newly merged global carriers would benefit greatly from being true multinationals, sourcing their staff, aircraft and services freely from around the world. The counterpart is that they should operate in free global markets in respect of their customers.

It is in this context that the EC is trying to assemble a common external policy on aviation by the end of this year, in time for the introduction of the single market. Member states accept the general principle, if only to strengthen their hand against corresponding blocs which are emerging elsewhere in the world, partly in response to the perceived threat of a Fortress Europe.

But member states remain prey to atavistic twinges of self-interest. Germany and France are at loggerheads with the US over the claimed dumping of extra capacity by bankrupt US carriers operating under Chapter 11. The Netherlands has seen the opportunity of establishing itself as Europe's airport at the expense of its neighbours. Meanwhile, since any bilateral deals have to be struck before the arrival of a common EC policy, the US is luring individual states with the bait of access to its market while the opportunity lasts.

It would be naive to deny that the EC's main motive in seeking a common policy is protecting its own interests. But if freedom of the skies is ever to be achieved on a global basis, the fewer parties negotiating it the better. And while the EC is deeply protective towards such industries as motors or electronics, there is little evidence that it feels quite the same way about airlines. Ultimately, the world industry needs to be put on an economically sensible basis. A common EC policy is a step towards that.

But it is not a panacea. The continued use of subsidies to support state-owned European carriers is a legitimate grievance to non-EC competitors. The Europeans point in reply to the institution of Chapter 11, which allows US airlines to continue operating after they have gone bust.

But while Chapter 11 may aggravate the industry's problems at the point of transition, it is a temporary expedient. If a US airline is truly not viable, it will go under eventually. Lufthansa and Air France will keep going for as long as their governments care to support them. In such a context, the US can scarcely be blamed for fishing in troubled waters. But until true liberalisation is achieved, a lot of people are going to go on losing a lot of money, Americans included.

Lloyd's choices

A TOP job at Lloyd's of London, the insurance market that has been weighed down by losses and scandals, is the very opposite of a bed of roses. Yet Mr Peter Middleton, the banker and one-time diplomat whose appointment was yesterday approved by the ruling council, has at least one consolation as he sets about his new job. Things have been so bad that they could hardly get much worse; and Lloyd's fortunes might just conceivably be on the turn.

The revolt of the Names, who provide capital to the market, appears to be dying down. Indeed the risk may now be that the council's reformist inclination may lose some of its impetus. Mr Middleton should pre-empt criticism on this score by indicating his priorities. The report of the Lloyd's Task Force, published in January, provides a convenient menu from which to choose.

One of its central recommendations was to strengthen the capital base. Lloyd's has been encouraged on that score by the prospect that fewer than 2,000 Names are expected to resign this year.

Yet this understates the damage, since many more would-be deserters are locked into syndicates where accounting years remain open with unresolved long-term liabilities. A vigorous attempt to close those years through some form of reinsurance would be sensible. So, too, would renewed efforts to settle outstanding litigation.

But the key to Lloyd's future, apart from conditions in the insurance market generally, must lie to a large extent in eliminating the perception that the balance of risk and reward at Lloyd's is unfavourable to outside Names. Leaving aside the regulatory issues that are outside Mr Middleton's remit, this points to the urgent implementation of the Task Force's recommendations on cutting costs.

In 1988 and 1989, when Lloyd's losses were £511m and £2.06bn respectively, syndicate expenses rose by 40 per cent or more. That looks like the definition of a death wish.

Country life

THAT YESTERDAY'S report on the problems of country life in the UK was produced by the Duke of Westminster will strike some as an irony. Landowners like the duke are among the wealthiest individuals in British society – and far from the image of rural despair and deprivation which the report highlights.

However, if the duke's report were to spark off a debate about how best to conserve and develop Britain's countryside, it would have performed a valuable service. The rural economy is coming under great strain, not least as a result of changes in the EC's Common Agricultural Policy, which may take 1.5m acres of farmland out of production. Tourism and leisure activities could replace much of this activity, but at the cost of changes which many will judge undesirable.

This decline occurs at a time when better private transport has made most English countryside an economic and social extension of the town. Villages within easy travelling distance of large cities become dormitory suburbs for commuters or weekend retreats for town-dwellers. Shops and banks are no longer viable and jobs are scarce. New arrivals are often more anxious to preserve the countryside as they find it than to see the sort of dynamic economic development which in previous centuries shaped today's rural landscape.

Rejuvenating the rural economy means bringing new businesses to the countryside, in the same way as urban policy seeks to encourage private investors to look anew at the inner cities. The duke is right to suggest a review of planning controls, since these often unreasonably impede the development of rural industry and commerce.

The report also reminds us that there is real poverty behind the Laura Ashley images of village life. A quarter of rural households are below the poverty line. Many are trapped in villages by the lack of public transport: one rural household in five has no car. Young people who want to work in the country find few employment opportunities; housing is also difficult, with wealthier buyers from the city outbidding locals.

The duke is, however, weaker when it comes to solutions, especially his desire for the government to provide extra funds for the countryside. The case for increasing the amount of land under forestry can be made, less so that for tax incentives. Arguments for subsidising forestry are not as good as those for subsidising coal mining.

Nor are greater subsidies for rural public transport more defensible: many people living on urban housing estates suffer at least as much from poor bus and train services. And while small rural schools might be supported in an ideal world, keeping them open with unviable rolls absorbs educational resources which could be better used elsewhere.

The report commends the subsidies which the government demands of the utilities for their rural customers, who pay the same charges irrespective of any greater costs. This, however, is hardly a model to be recommended. Rural poverty and unacceptably poor basic services are best dealt with by clearly targeted benefits or subsidies.

Germany's ruling coalition is beset by political indecision and economic malaise, writes **Quentin Peel**

Captain leads from below deck

It is hard these days to find anyone in Bonn, or in the rest of Germany for that matter, with a good word to say about Chancellor Helmut Kohl.

The Unification Chancellor, barely three weeks away from celebrating his 10th anniversary in office, not to mention 19 years as leader of his Christian Democratic Union (CDU), seems to be under attack as never before – from inside the ranks of his own party, and from outside.

He is accused of indecision and lack of leadership. Normally supportive conservative newspapers such as the Frankfurter Allgemeine (FAZ) and Bonn's General-Anzeiger talk of alarm and confusion in government ranks.

There are rumours on all sides of a Grand Coalition – an alliance of the CDU on the right and the Social Democrats (SPD) on the left – to preside over the painful process of uniting Germany. It is a coalition that Mr Kohl has stated flatly he will never lead.

Bild Zeitung, the country's one genuinely popular and influential newspaper, with a circulation of more than 4m, is convinced there is a conspiracy afoot. It accuses none other than Mr Wolfgang Schäuble, the chancellor's right-hand man and the CDU leader in parliament, of seeking to overthrow his mentor.

True or not, the reports and rumours are indications of a malaise in the ranks of the German ruling coalition, and in Mr Kohl's own CDU, of troubles that the summer holiday has clearly failed to dispel, but rather caused to flourish.

Is it the beginning of the end for the chancellor, or merely a large hiccup in the uneasy life of a German coalition government facing an unprecedented array of political, economic and external problems?

On Sunday night, the chancellor hosted an emergency meeting of coalition leaders to resolve their differences. It focused on a very public disagreement over how to finance the growing costs of subsidising the east German economy.

Mr Schäuble and a large part of the parliamentary CDU, especially from the east, wanted a compulsory bond or levy to finance future unity costs, to be paid by high-income earners. Mr Theo Waigel, the finance minister and leader of the Christian Social Union, wanted no more than a voluntary German bond, tax-free, but low interest-bearing. Mr Otto Lambsdorff and the Free Democrats appeared to want nothing at all but stricter savings measures, and allowing market forces to take their course.

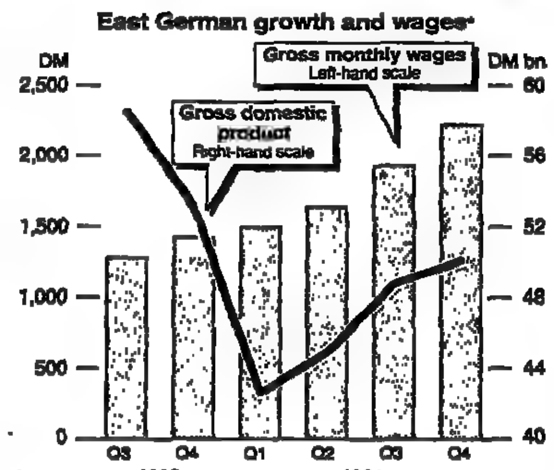
They failed to agree on any new initiative at all, and slunk away into the night after midnight through a side-door in the chancellor's office – well away from the waiting eyes and ears of the press.

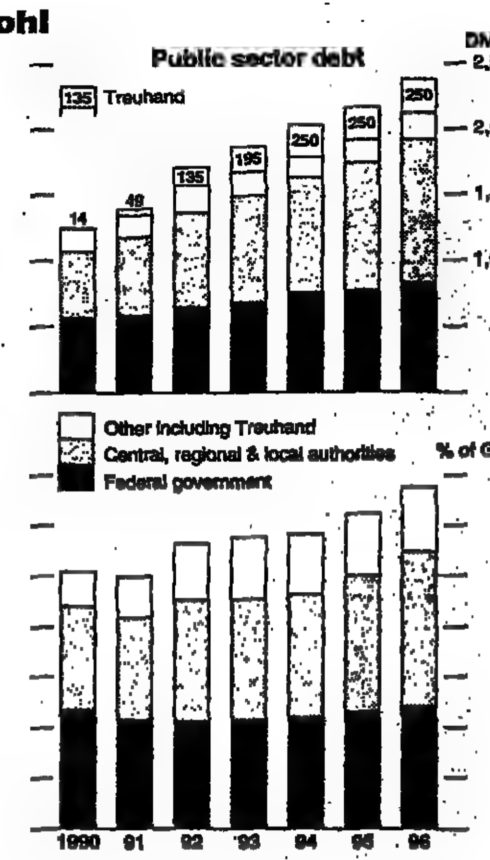
On Monday, Mr Kohl produced an idea of his own or, at least, a revived idea from somebody else – to summon a round table of employers, trade unions, local government, his own coalition and the opposition. They should sit down and hammer out a consensus on financing unification, he declared – a solidarity pact in which everyone would agree to make sacrifices.

The idea was first proposed almost a year ago by Germany's five leading economic institutes, and rejected primarily by Chancellor Kohl, although the trade unions themselves were also unwilling to bind themselves into a wage-restraining pact. The chancellor's advisers argue that now everyone is aware of the need to make sacrifices, and particularly to restrain wage rises in the east. The most recent figures put eastern productivity at the end of last year at 32 per cent of the western level, while wages stood at 52.7 per cent.

Germany: the costs facing Kohl

Chancellor Helmut Kohl of Germany





At least Mr Kohl's invitation was enough to buy time, to face down the dissenters in his party ranks, and gather his strength. All his fair-weather friends, including a chastened Mr Schäuble, pledged continuing support. It was clear there was no alternative in sight.

Yesterday the chancellor was back at the rostrum in the Bundestag, his same old belligerent, truculent self. Mr Kohl mocked his detractors, saying he had been promised an anniversary present of a collage of newspaper headlines predicting his imminent demise over the past decade. He planned to hang it on his office wall.

He warned his own dissidents to stay in line, and failed yet again to give any clear signal of leadership or direction. It was a classic, unhelpful, even deliberately confusing, performance from one of German politics' great survivors.

Mr Kohl's message seemed to be: "Steady as she goes", even if others regard the direction as decidedly unsteady. Mr Björn Engholm, an increasingly self-confident leader of the SPD, accused him of deserting the bridge on a rudderless ship of state in a gathering gale.

The question is whether Mr Kohl's imperturbable insistence on leading from below decks is going to be enough to cope with the complex of reefs and shallows now surrounding the German vessel. The immediate problems are fourfold. The greatest is the cost of rebuilding the east German economy, and of cushioning the bitter blow of unemployment for a very large proportion of its inhabitants.

The second is the challenge of reviving the west German economy, now teetering on the edge of a recession, without any prospect of a recovery in exports to pull it back.

At the same time, the instability of eastern Europe and the former Soviet Union is compounding the problems, both economic and political. Almost all traditional exports from eastern Germany to its eastern neighbours have dried up, removing the one small hope from eastern industry. Orders from abroad in the east were down 28 per cent in May and June combined.

That instability is also the prime cause of an upsurge in immigrants claiming political asylum. The total is likely to exceed 400,000 this year, compared with 256,000 last year. They are the excuse for the current rash of racist attacks by young skinheads on foreigners.

Finally, the traditional sheet-anchor of German external policy, commitment to integration of the European Community, is being called into question – not in Bonn, but in the country at large. The Danish vote against the Maastricht treaty unleashed a welter of pent-up concerns, above all at the prospective loss of the D-Mark in a single European currency. Chancellor Kohl can no longer reliably fall back on the European theme as the one great national unifier.

It is the sudden awareness of the daunting costs of unification that has brought the crisis in the coalition to a head. A rebellion by the eastern MPs in the CDU – aware both of a disastrous loss in their political support at home and the catastrophic financial position of their own state and local governments – demanded a big new injection of cash from Bonn: an extra DM30bn (£10.7bn), on top of the DM92bn promised in next year's budget.

The CDU won the last election thanks to its support in the east, itself a vote for Mr Kohl's promise of relatively painless unification. In the latest opinion poll published by the FAZ yesterday, CDU support in the former GDR is down to 22.5 per cent, against an election-night total of 41.8 per cent.

Mr Schäuble, for reasons still unclear, was persuaded to back the dissidents, and proposed the blunt instrument of a "compulsory bond" to be foisted on the better-paid. He has acute political instincts, and he knows that the popularity of the coalition is at a low point across the country. (The CDU is now trailing the SPD in the west as well, by 34.8 to 37.3 per cent.) If he has been manoeuvring towards a Grand Coalition (he denies it) then one incentive would be to share the pain of a very difficult period ahead.

The need to find further funds for the east has also been driven by the belated admission in government ranks of the size of the black hole in public spending which looms around 1995. That is the year in which the exchequer must take responsibility for the German unity fund, the Treuhand privatisation fund and former East German government debts. Between the three, that means an estimated extra DM440bn to be added to the debt of the federal and state governments.

Overall, public sector debt is expected almost to have doubled between 1990 and 1996 from DM1,225bn to DM2,386bn, according to Deutsche Bank calculations. The economy is in danger of getting locked into a cycle of slow growth and high interest rates, dragged down by the burden of borrowing for the east.

The economic collapse of eastern Germany and the bleak job prospects for its school-leavers have caused profound alienation among young people – and they are the very ones now attacking asylum-seekers' hostels.

Chancellor Kohl stands accused of having failed to react swiftly or firmly enough to the rash of violence against foreigners. His emphasis throughout has been on providing a reason for the attacks, rather than in condemning any violence.

Until now, the government has refused to see asylum-seeking as part of a basic immigration problem, insisting that Germany is "not an immigration country", although it has traditionally used large numbers of migrant workers from Turkey and the former Yugoslavia. It is a matter of distinguishing genuine asylum-seekers (estimated at no more than 3 or 4 per cent of the total) from job-seekers who must be deported, the government says.

The failure to deal with the issue has failed to discourage the racist violence, and a steady rise in support for the extreme right-wing parties, such as the Republicans. In the latest poll they have 8.0 per cent support in the west, and 4.4 per cent in the east.

After a gloomy assessment of the problems on all fronts, Mr Kohl yesterday fell back on Europe and the need for a whole-hearted commitment to political as well as economic union in the EC as his rallying cry for unity. Yet even that has a hollow echo. Germans are very much aware that the other EC member states are no longer so enthusiastic about European union. If France votes in a half-hearted way for Maastricht, even if it does not vote No, it would encourage the doubters in Germany.

Mr Kohl is not going to call a referendum. It would have no constitutional basis, and anyway he knows the decision would probably come down to the D-Mark. The answer would be No. So he will rely on the Bundestag to swallow its reservations, and ratify the treaty by the end of the year. It will hardly be an enthusiastic endorsement.

The same could be said for the coalition's support of the chancellor: hardly an enthusiastic endorsement. But for the time being, a captain who lingers below the decks and hopes for a fairer wind seems better than no captain at all.

BOOK REVIEW

Mind the gaps

BRIGHT AIR, BRILLIANT FIRE: On the Matter of the Mind
By Professor Gerald Edelman
Allen Lane, £20, 280 pages

"Putting the mind back into nature" is the slogan of Professor Gerald Edelman's crusade. One of the world's leading brain scientists, and winner of a Nobel prize in 1972 for his work in immunology, he has turned to the philosophy of science to address what he calls a "series of crises" in the science of the brain and nervous system.

The problem he sets himself is to explain, in biological terms, how people came to have minds. By "minds" he means not brains, but self-consciousness – awareness of ourselves. It is a question that has occupied philosophers for centuries. He makes grand claims: "We are at the beginning of the neuroscientific revolution. At its end, we shall know how the mind works, what governs our nature, and how we know the world."

He argues convincingly against recent theories that the brain is built like a computer. Neuroscientists who use the model of a circuit-board to explain the activity of "the most complicated object in the universe" will find accurate predictions of its behaviour elusive, he says.

Far from being "hard-wired" like a computer, the connections between the 10bn neurons in the cortex of the brain are constantly changing. New paths are forged and strengthened by experience and patterns of behaviour. Edelman describes this adaptation of the maps inside the human brain as "neural Darwinism".

Edelman has the gift of explaining difficult scientific concepts clearly and quickly. A well known advocate of popularising science, he begins his public lectures by reciting Keats and Emily Dickinson, and scatters his text with pictures of startled frogs and mutant flies, quotes from Woody Allen and anecdotes from Manhattan life.

But his book fails to make the bridge between biology and soul in the way he intends. And while his populist style is entertaining, it depends on metaphors which promise much but are eventually insubstantial or inexact when he departs from neuroscience and comes to the crux of his argument.

For a start, as one of his rivals has commented, the parallel he draws with Darwinian evolution is unconvincing. Darwin argued that species evolved by mutation and the survivors were "selected" by fierce competition. Neural structures, however, do not reproduce or compete in the same way as animals. To say that they do is almost to start to ascribe consciousness to their parts.

Similarly, an early chapter on the spectacular successes of genetics in "reading" the characteristics of an organism from a strand of DNA is not woven into his case that it may eventually be possible to "read" thought and morality from the structures of the brain.

The awkward metaphors multiply as the book moves from science to philosophy. Edelman briefly quotes and then dismisses many philosophers who have grappled with the problem of the nature of consciousness and the self, notably Descartes and Kant. Past writers could not have known what we now know about the structure of the brain, he says, with the patronising air of the chief detective summing up at the end of the thriller.

But he discusses few of the philosophers who would have dismissed his quest. Notably, he gives little space to Wittgenstein and his followers, who would have argued that Edelman's speculation about whether a lobster has self-consciousness was meaningless. Some philosophers would argue that a lobster shows none of the signs of what we mean by self-consciousness. Only by distorting the way the term is normally used would one be led like Edelman into examination of its nervous system to see whether it is conscious.

Edelman's bending of ordinary language increases in later chapters. In one definition he says: "To clarify the issue, let us agree that … memory is the ability to repeat a performance". That is a peculiarly limited version of what we normally mean by memory, but it allows Edelman to build a robot, called Darwin III, which he argues shows "memory".

Edelman's theories will comfort those who feel that science leaves no place for the soul, and that scientists cannot tell jokes and do not read Keats.

His ideas also deserve attention because of his conclusion that "every psychiatric illness has a biological cause". He makes no secret of his dream of finding the neural answer to many types of mental distress, and he and his fellow-thinkers are likely to attract thousands of dollars of research money in pursuit of that goal.

But, by the end, his book does science few favours. Darwin's original theory of evolution may be a poor model for brain development, but it is a good one for the growth of scientific knowledge, which emerges gradually as competing hypotheses are tested and eliminated. Darwin's own theories have, more or less, survived that demanding test in the past 130 years. So probably will Edelman's contribution to immunology and to brain science. His excursions into the philosophy of mind, however, show fewer of the characteristics of fitness to survive.

Bronwen Maddox

ECONOMIC VIEWPOINT

Case for Danish No and French Yes

By Samuel Brittan


Central bankers: Helmut Schlesinger and Bengt Dennis

If I could vote in every European referendum on the Maastricht treaty, I would have voted No in Denmark but would vote Yes in France.

This is because the Danish vote was a useful shot across the bows. A French No vote would, however, mean something very different. It would put in jeopardy the real achievements of the European exchange rate mechanism in bringing down inflation and reducing currency fluctuations in western Europe, without necessarily bringing any offsetting gains in growth.

The hard ERM, in which parities are very rarely changed, can be justified on its own terms. Unfortunately the effect of the treaty and the negotiations leading up to it was that too many people have come to see it mainly as part of the drive to European monetary union (Emu) and to the political structure which Emu would supposedly need.

Psychological links are, however, not everything. The position of Scandinavian countries that have been informally shadowing the ERM is quite different from that of full members which have unlimited short-term credits if their currencies are against the bottom.

The gamble that Bengt Dennis, governor of Sweden's central bank, has taken in raising overnight interest rates to 75 per cent might yet come off if it convinces the markets of Sweden's seriousness in maintaining the exchange rate as an anti-inflationary anchor. What can be lost has been shown in Finland, which was all set for a wage pact with a zero overall pay increase – now shelved.

The wider importance of Scandinavia for the rest of the world is not the exchange rate tensions themselves, but what it reveals of the underlying weaknesses of banks, which may have to be tackled in their own right.

Meanwhile the financial talking classes are dangerously underrating the determination and ability of central banks and governments to maintain ERM core existing parities. Whatever happens to the Italian lira, these core parities include the sterling/D-Mark as well as the franc/D-Mark rate.

The main result of a French No vote would be to increase the chances of an increase in interest rates outside Germany. This is the opposite of what is required, but would still be better than jumping from the ERM ship into the cold water of sinking rates and competitive devaluation.

The impact of the French referendum on the treaty, although in the direction I have suggested, might be smaller than supposed. "Decisive" events often are. The foreign exchange markets have already gone through a phase in which the balance of probabilities has appeared to be No. On the other hand, a Yes vote would not resolve the conflict between those who wish to stay in the ERM and the black-red coalition of flag-waving Conservatives and inflationists of all hues who assert against all past evidence that the British government could do better in splendid isolation.

The full significance of the British Treasury's £7.3bn syndicated borrowing has still not been fully appreciated. Of course, it is no more a triumph than the many rescue packages for sterling in the mid-1970s. But like those packages it can buy time.

The financial talking classes are now underrating the determination to maintain present core parities

It puts, however, British leaders squarely in the firing-line. For if sterling were to be devalued, the sum would have to be repaid at a loss, as occurred when sterling was devalued under the Wilson government in 1967.

The swap arrangement differs from that of the 1970s in important ways. The UK government is committed to drawing the D-Marks in the course of the present financial year. This means that even if sterling were to recover, the funds would still have to be drawn; and their conversion into sterling would tend to push the pound up within the grid.

Commentators have also misinterpreted sterling's position near the bottom of the grid. So long as the central parity can be maintained, speculators against sterling now face a one-way risk. For the pound can only move upwards, in which case they would lose money. The whole point of negotiating a wide grid for sterling (as previously for the lira and the peseta) was to give this additional weapon to the Bank of England. Indeed my main query was why the Bank had not allowed sterling to fall to the bottom much earlier.

Moreover, the new swap line is only one part of the reserves available to defend the parity. The published reserves themselves amount to £23.7bn. In addition, the central banks of the stronger currencies have an obligation to provide unlimited assistance for up to three months to currencies against the lower limit of the grid

There is also quite an unnecessary mystery about the position of Helmut Schlesinger, the Bundesbank president. As far as he can see, Germany does not need an interest rate rise and he has tried to help his EC colleagues in sticking his neck out in saying so. It would be astonishing if he went beyond a slight hardening of what he has already said in Germany.

There is another point about which it is best to be frank. Prof Schlesinger happens, as an economist, to believe in floating exchange rates, as is his privilege. As a constitutionalist, he knows that the choice of exchange rate regime is one for the German government; otherwise the ERM would never have come into existence. As an economist, he has no objection to other countries linking their rates to the D-Mark, so long as the adaptations are made by these countries and he is not expected to inflate the German money supply to accommodate them.

There is a good technical argument that because of the sharply inverted yield curve and the temptation for holders of short-term deposits to move from dollars to D-Marks, that the German monetary indicator, M3, is giving misleading signals. The case was made by Prof Ronald McKinnon in the Financial Times on Sept 7. I doubt, however, if the Bundesbank will stick to M3 for scholastic reasons, once it decides that recession is a greater threat than inflation.

This brings me back to the question behind the UK overseas borrowing: "Buy time for what?" Immediately, for the French referendum campaign. Looking further ahead, for German interest rates to subside and for the dollar to reach the bottom of its trajectory.

But most important of all, it is to buy time for the entrenchment of the lower UK inflation rate so precariously achieved. As Andrew Burrell points out in the August London Business School Economic Outlook, recession has brought inflation down to a lower level than that of a decade ago; "but the effect will only be confirmed if the present realism is continued into the cyclical upswing".

It is precisely to guard against the temptation to relax overall financial policy when the going gets rough and before the goal has been secured that the ERM is valuable. The real argument against British membership is that against stable prices itself and I welcome the fact that this has now come into the open.

Anyone who believes after the experiences of the past decades that giving up on inflation control will promote growth has, like the Bourbons, forgotten nothing and learned nothing. Of course, I have also been thinking about how to counter any threat of worldwide or UK deflation. But crying "wolf" before it has happened, or likely to, is not a good counsel.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Insured have no say on medical costs

From Mr M Lawrence.

Sir, In looking into the question of private medical fees ("MMC to examine medical fees", September 9), the Monopolies and Mergers Commission should not ignore the practices of the insurers themselves, which contribute to poor control over costs.

For example: it is common practice, "in the interests of efficiency", for hospitals to bill the insurance company direct. The patient, the consumer who pays in the end with his premiums, is not invited to approve invoices and query charges for treatments, drugs, dressings, etc, which he may not have received. He is regarded as too ignorant to be of help.

It is also now becoming too common for patients to refer themselves to consultants, without prior involvement of their general practitioner, and for the same consultants' signatures to be accepted by the insurers for claim purposes.

Meanwhile we, the insured, are prevented from voting with our feet and transferring custom to another insurer. If we do, we will find that medical conditions arising during the previous policy will be excepted, and we are thus forced to stay with our present insurer. This is nothing less than a restrictive practice.

Only if consumers and their GPs can become more involved will there be day-to-day pressures to bring inefficiencies, abuses and costs under control.

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Commission's 'worrying step' on oligopolies

From Mr Romano Subiotto.

Sir, Ms Rachel Brandenburger's article ("EC merger regime defies expectations of critics", September 3) states that Nestlé's bid for Perrier is likely to be remembered as the recognition that the European Merger Control Regulation applies to oligopolistic (or collective) dominance as well as to single firm dominance.

This is not so clear to me. I do not contest the possible need for the Commission to have the power to control the creation or alteration in the structure of certain oligopolistic markets. Rather, I question whether the Commission's mere wishes should be permitted to expand, without further ado, the powers which the member states have given it to review concentrations with a Community dimension. After all, the regulation enables the Commission to prohibit only the creation or strengthening of a dominant position which could significantly impede effective competition in the Community.

The use of the term "dominant position" is not a coincidence. The European Court of Justice has for many years defined it as a position of economic strength enjoyed by one undertaking which enables it to hinder the maintenance of effective competition on the relevant market by allowing it to behave to an appreciable extent independently of its competitors and customers and ultimately of consumers.

The Court held in 1979 that a dominant position must be distinguished from parallel courses of conduct which are peculiar to oligopolies in that in an oligopoly the courses of conduct interact, while in the case of an undertaking occupying a dominant position the conduct of the undertaking which derives profits from that position is to a great extent determined unilaterally.

The limits of the Commission's powers under the regulation therefore seemed clear. It has now decided to go beyond. No one seems to be questioning this. Yet this would appear to be a worrying step in the building of a Europe based on the respect for the rule of law.

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Lending institutions and planners can stimulate rented housing sector

From Mr Simon Randall.

Sir, John Willman sets out all the main reasons why the private rented sector needs to be revitalised ("A welcome mat for rental markets", September 8). But while there have indeed been recent signs that the government agrees there is a housing crisis in Britain because we have huge owner-occupation and social housing sectors, with nothing in between, much needs to be done.

Private renting has in the past been a significant source of low-cost housing and, with the large amount of empty property in London and the country as a whole, it needs to be encouraged. Not only do private landlords need a level playing field in which to operate – which means an end to the current tax discrimination and the introduction of worthwhile financial incentives – but they also need to know that the political support is there.

In the past the lack of all-party political support has tended to discourage potential new landlords from entering the market. Further efforts to encourage them may well result in banks, building societies and other institutions taking on the role of landlords.

Mention must be made of equity-sharing, which has largely been ignored by the big lenders as a means of helping hard-pressed borrowers to stay in their homes. The LBA has urged the government to encourage lenders to take the option more seriously. Meanwhile, perhaps lenders will consider leasing repossessed homes to local authorities and housing associations so that they can be put to a useful purpose.

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From Mr Norman W Bowie.

Sir, John Willman's article clearly indicates that the government wishes to revive the private rented sector.

Ministers need to understand that for too many decades the supply side has been tightly controlled by all governments through the planning system and the demand side subsidised by the tax reliefs given to owner/occupiers by way of mortgage interest and freedom from capital gains tax. Houses are a commodity and a fair balance between supply/demand, which existed in Britain in the 1930s and now in many European countries, has to be restored.

The best answer is to release more land for housing in areas where people wish to live rather than where government thinks they should. If this is too politically sensitive, then do not give more subsidies, as suggested, to owners/developers but to tenants. Why not balance mortgage interest relief with income tax relief for occupiers paying a rent of, say, up to £3,500 a year?

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Hoist with 'Big Bang' petard

From Mr D S Ridout.

Sir, I refer to the article "Warburg ends trade in stocks of 362 companies" (September 5). I am sure that the irony of Lord Parkinson not being able to obtain shares in the company he has recently become a director of, namely Usborne, will not be lost on many of your readers.

It was, after all, Lord Parkinson, in those days known as Cecil Parkinson, who was responsible for the legislation relating to "Big Bang". In some respects it would, therefore, seem entirely appropriate that he should be one of the people suffering from the shambles which has resulted from that legislation.

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OBSERVER

Long arm of the law

There may well be more sense than Singapore's industry minister is aware of in his worry that his country is over-producing lawyers.

Its present stock, which works out at one lawyer for every 1,268 people, is admittedly far short of the US's one for every 418. With 200 law students a year entering its national university, however, Singapore's count is rising.

Minister Lee Hsien Loong hopes to absorb the mounting numbers by encouraging them to work in business companies. But he should beware of the link between lawyers and economic progress chanced upon by US industrialist Norman Augustine.

He happened to notice that nations' rates of productivity increase reflected the density of lawyers in their populations. The trouble was that the correlation was negative – the greater their gain in productivity, the *fewer* lawyers they had on hand.

The sole exception was the UK where, given its small legal profession, the productivity-gain should have been four times greater. The explanation probably lies in the UK's remarkable density of accountants. Taking all sorts together, it is not far behind the US lawyer count, at one for every 423 men, women and children in the land.

Latent heat

Volcanic fire clearly lies concealed by the mild manner of cheerful Poul Schlüter, today celebrating 10 years as Denmark's prime minister. Moreover, according to his foreign minister Uffe Ellemann-Jensen, once the volcano erupts, no political force on earth can keep it in check.

The two Danes had an exhausting schedule one day during the country's chairmanship of the European Council five years ago. They began with a morning session in Portugal, lunched in Rome, and arrived for an evening meeting at 10 Downing Street where Lady Thatcher, then still in her pomp, immediately began laying down the law.

Suddenly Schlüter roared, "It's my turn", then reduced her to stunned silence with a real telling-off.

"I must say I was proud of my prime minister," Ellemann-Jensen says.

Lethal mix

Bacardi's corporate link-up with Martini & Rossi had been prefigured in the cocktail cabinet. Mix equal portions of white rum and Martini Bianco and you get a drink called a Silverstone, presumably because it drives you around the bend.

Homing in

Despite the British broadcasting industry's state of controlled hysteria, the race for the network controller's post at ITV has reached the home stretch.

An overseas choice looked on the cards when the company's bosses approached Canadian Broadcasting Corporation's Ivan Fecan about the job of commissioning and scheduling £500m worth of programming yearly, under the watchful eyes of ITV chief executive Andrew Quinn. But Fecan has decided against.

That leaves two obvious front-runners, both holding director of programmes jobs. One is Steve Morrison. The problem for him is that he works for Granada, where

"I know, let's go and see an Ingmar Bergman film"

Quinn himself was chief executive. So the appointment of Morrison might mean Granada had too much central power. The same applies, albeit more remotely, to outside chance Jonathan Powell, controller of BBC 1, who was previously a Granada drama-producer.

So the favourite must be second front-runner Marcus Plantin of London Weekend Television. If he wins, however, LWT would look to be gaining what Granada is being denied. For the chairman of the ITV association is LWT chief executive Greg Dyke.

Mandarin switch

If any restless mandarins think they're too old to switch careers, they should take comfort from Peter Middleton, Lloyd's new chief executive.

He was 45 when he quit the foreign office and had never made a loan in his life. Yet within a year or so of joining Midland Bank International he headed banking operations, and at 47 was given the job of turning round Midland's Thomas Cook. While not at Midland long enough to prove whether he'd make a good banker, he has certainly done well at Cook.

The travel company is again the brand leader, its demoralised management has been revitalised and it is one asset Midland has been able to sell at a handsome profit. All this was done with minimum self-publicity and it is a measure of Middleton that when he announced his resignation a few weeks ago, he said he wasn't sure that his colleagues would notice he had gone.

Admittedly, he has been helped by friends in high places. Sir Michael Palliser, a former head of the diplomatic service and Midland director, smoothed his path, and Frenchman Hervé de Carmoy, a suave ex-Midland banker with a high opinion of himself, used Middleton as a guinea pig. De Carmoy wanted to see if it was possible to take British civil servants and teach them another job in the private sector, as often happens in France.

It was one of de Carmoy's better experiments at Midland Bank. Middleton has proved that ex-civil servants can make effective managers as opposed to non-executive directors.

Bottomed out

Let's hope the currency upheavals don't consign the commemorative banknote Scotland is issuing for December's EC summit in Edinburgh to the fate of Romania's fast depreciating lei notes.

In a mood of deep contemplation the other morning, a Bucharest student examined a piece of the toilet roll he'd recently bought. It had obviously been recycled from 100-lei notes, the largest denomination produced until the Communist regime's collapse in 1989.

FINANCIAL TIMES
Thursday September 10 1992

Major says summits are failing to deal with world economic problems

UK calls for shake-up of G7

By Philip Stephens, Political Editor, in London

A CALL for a radical overhaul of the Group of Seven's annual summits to re-establish their role in shaping effective leadership among the rich industrial nations has been made by Mr John Major.

In a confidential letter to the leaders of the US, Japan, Germany, Italy, France and Canada, the UK prime minister has proposed they shed the vast bureaucracy that has built up around their annual gatherings.

Instead, he has suggested that the summits return to the original "fireside chat" formula devised by Mr Valéry Giscard D'Estaing and Mr Helmut Schmidt when, as French and German leaders, they called the first at Rambouillet in 1975.

One idea is that the G7 should abandon the long pre-drafted communiqués covering all aspects of world economic and political developments in favour of a concise statement of priorities.

Elaborate arrangements to accommodate thousands of journalists would also end.

A more radical proposal being floated by UK officials is that the foreign and finance ministers, who frequently dominate the working sessions at the summits, should be banished altogether.

Ministers in the UK and elsewhere have recognised that recent summits have failed to get to grips with a failing world economy and the turmoil in the former communist bloc.

Both Mr Major and Mr Douglas Hurd, the UK foreign secretary, believe that the summits – which now bring together foreign and finance ministers as well as hundreds of officials from the seven countries – have become too stage-managed to allow the leaders to make essential political compromises.

The detailed preparation of the summits by so-called Sherpas and the "pre-cooking" of bland final communiqués designed to demonstrate that the leaders agree have reduced the discussions among heads of state to carefully rehearsed statements of previous position.

Mr Major has been particularly frustrated by the failure of two consecutive summits – in London in 1991 and in Munich in 1992 – to achieve a breakthrough in the stalled Uruguay Round of trade talks in the General Agreement on Tariffs and Trade.

Mr Major believes that uncertainty over the future of the world trading system has contributed substantially to the slowdown in economic growth.

There is also recognition among UK officials that recent summits – particularly Munich in July – have failed more generally to establish a clear sense of direction for the west, either in terms of the world economy's drift into recession or in its response to the collapse of the former Soviet Union.

Mr Major has not received detailed reactions yet, but the US, Canada, Italy and, possibly, France are thought to be sympathetic to the principle. There is little prospect that any changes could be in place in time for the Tokyo summit in 1993, but officials are optimistic that Italy, the host in 1994, will take up the proposal.

Helmut Kohl: belligerent return to the political fray in Bonn yesterday

Defiant Kohl calls for joint action over east Germany

By Quentin Peel in Bonn

GERMAN chancellor Helmut Kohl yesterday roundly rejected all speculation about his political demise, and called on both sides of German industry, the opposition and the federal states to work out a common programme with the government to finance economic recovery in the east.

In a belligerent return to the political fray in the Bundestag, Mr Kohl admitted to mistakes in his own unification policies, and called for agreement on ways to reduce the high costs of production in both halves of the country.

He put forward no proposals of his own on how to finance the rising costs of the eastern reconstruction – an issue which has split his coalition – but placed his faith instead in the round table he has summoned to agree on a "solidarity pact".

He shrugged off sharp attacks from the opposition Social Democrats about the lack of precise policies from the government, while admitting that since unification in 1990, "we did a lot of things right, but also failed to achieve many things. We know a lot more of the enormous problems caused by this extraordinary event than we did two years ago."

It was essential to maintain the productive capacity of west Germany in order to finance recovery in the east, he said. Private investment in the east was still lagging far behind expectations.

He called for measures to provide further encouragement to small and medium-sized enterprises in the east, and restraint in wage rises in order to provide a basis for a sustained recovery.

Mr Björn Engholm, leader of the Social Democrats, said that a speech "built on the motto of Faith, Hope and Charity is no answer to the worries and needs of the people now. This government is like a ship drifting in heavy seas without a captain. The crew needs a clear word from the bridge, but the officers are chatting about the weather."

Both Mr Engholm and his parliamentary leader, Mr Hans-Ulrich Klose, insisted that the government must produce firm proposals and clear forecasts on the financing needs of east Germany, to make a roundtable exercise worthwhile.

They attacked Mr Kohl for his half-hearted condemnation of racist attacks on foreigners in Germany. Mr Klose said the chancellor gave the attackers tacit encouragement by insisting that the prime cause of the problem was the number of unjustified applicants for political asylum.

He promised SPD co-operation in finding a solution, as part of a broader regulation of immigration, provided it preserved the fundamental individual right to political asylum.

Unions 'favour wage limits in east', Page 2
Captain leads from below deck, Page 16

UN troops in Bosnia 'should return fire'

By Laura Silber in London and Robert Mauthner in Paris

MR MALCOLM RIFKIND, the British defence secretary, yesterday called for the nearly 2,000 UK troops due to leave for Bosnia-Hercegovina to be given the right to return fire, amid growing outrage at the killing of two French United Nations peacekeepers.

As the situation on the ground grew increasingly difficult Mr Rifkind said it was a "crucial requirement" for any soldier to be able to defend himself, condemning as "repulsive" the machinegun and mortar attack on the UN relief convoy near the airport in the besieged Bosnian capital of Sarajevo. The convoy was en route from Belgrade, the Serbian capital, to Sarajevo.

Sarajevo has been besieged for five months from the surrounding hills by Serb forces opposed to Bosnian independence.

Mr Rifkind's remarks reflect growing calls from the countries contributing to the 16,000-strong peacekeeping force for their lightly armed troops to use force if attacked.

Brigadier-General Hussein Ali Abdul Razek, commander of the UN peacekeepers in Sarajevo, blamed the mainly Moslem Bosnian forces for Tuesday's attack on a UN convoy which left two soldiers dead and five wounded.

He said: "Irresponsible elements failed to respond to the local Bosnian commander's orders and attacked the convoy at a range of less than 100 metres."

The French government yesterday implicitly accused the Bosnian Moslem forces in Sarajevo of being responsible for the death of the soldiers.

This is the first time that a contributor country to the UN peacekeeping operations in Bosnia has blamed one of the warring factions in the conflict between the Serbian, Moslem and Croatian communities of Bosnia.

Vigorously condemning the attack, Mr Roland Dumas, the French foreign minister, said that it underlined the urgent need to find an answer to the security problems arising out of the UN protection force's operations in Bosnia. Mr Dumas stressed that the UN Security Council's resolution 770 of August 13 specifically provided for effective military protection of international aid convoys.

He said he had asked Mr Boutros Boutros Ghali, the UN secretary-general, "to activate" these measures.

The attack on the convoy dealt a further blow to the 380,000 battered people trapped in Sarajevo. Relief flights were suspended last Thursday after an Italian aircraft carrying supplies crashed near the capital, killing the crew of four.

Last night UN officials confirmed that the aircraft was shot down. The UN said the incident took place in an area under the control of Croat forces but added that the identity of the attackers had not yet been established.

After yesterday's meeting of the London Conference steering committee in Geneva, it appeared unlikely that aid flights would be resumed before next Tuesday.

Yeltsin postpones visit to Japan

Continued from Page 1

community". This opportunity had been thrown away.

Mr Yeltsin may also have given ammunition to his critics. Having scented blood on this issue, conservatives, joined by democrats turned ardent nationalists, would find other opportunities to demand changes in both foreign and domestic policy.

A great economic opportunity for Russia may also be at risk. Although its leaders today have fewer illusions about the value of outside help, the task of switching to a market economy will be more difficult without substantial financial transfers from one of the few western powers with cash to spare.

Japan also has a powerful voice in international gatherings, such as the Group of Seven, which is trying to co-ordinate assistance for Russian reforms, in particular a response to requests for a debt rescheduling. "Although we can ignore this dispute, Japan is very influential and we can't do anything [in terms of international assistance] without the Japanese on board," said one of the G7's west European diplomats.

World Weather

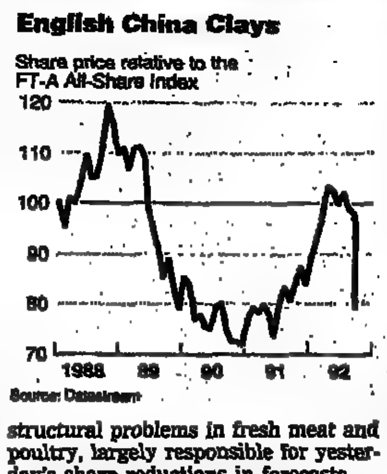
		°C	°F
Ajaccio	S	28	82
Algiers	S	31	88
Amsterdam	C	17	63
Athens	S	30	86
Bahrain	S	37	99
Bangkok	C	33	91
Barcelona	R	18	64
Beijing	S	26	79
Beirut	S	27	81
Belfast	F	13	55
Belgrade	S	28	82
Berlin	F	16	61
Biarritz	F	17	63
Bombay	F	30	86
Bordeaux	F	19	66
Boulogne	C	17	63
Brussels	C	[illegible]	64
Budapest	F	19	66
Buenos Aires	F	19	66
Cairo	S	28	82
Cape Town	C	16	61
Caracas	F	28	82
Casablanca †	F	23	73
Chicago †	C	16	61
Cologne	S	17	63
Copenhagen	S	17	63
Corfu	S	30	86
Dallas †	S	24	75
Dublin	C	15	59
Dubrovnik		–	–
Edinburgh	C	15	59
Faro	S	22	72
Florence	S	26	79
Frankfurt	S	[illegible]	64
Geneva	R	15	59
Gibraltar	S	28	82
Glasgow	C	13	55
Helsinki	C	15	59
Hong Kong	F	30	86
Innsbruck	F	18	64
Inverness	F	15	59
Islamabad	R	23	73
Istanbul	S	26	79
Jakarta	R	31	88
Johannesburg	F	25	77
Lisbon	S	23	73
London	C	17	63
Los Angeles †	C	18	64
Luxembourg	F	16	61
Madeira	S	23	73
Madrid	F	24	75
Majorca	F	29	84
Malaga	S	25	77
Malta	S	28	82
Manila	C	31	88
Melbourne		–	–
Mexico City	C	19	66
Miami †	S	26	79
Milan	F	21	70
Montreal †	S	13	55
Moscow	C	17	63
Munich	F	17	63
Nairobi	C	25	77
Naples	S	26	79
Nassau	F	32	90
New Delhi	F	29	84
New York †	F	24	75
Nice	S	23	73
Nicosia	S	29	84
Oporto	S	21	70
Oslo	C	14	57
Paris	S	19	66
Prague	F	18	64
Reykjavik	C	5	41
Rhodes	S	29	84
Rio d'Janeiro	C	25	77
Rome	S	25	77
Salzburg	C	17	63
S'Francisco †	S	13	55
Seoul	F	25	77
Singapore	R	27	81
Stockholm	F	15	59
Strasbourg	S	19	66
Sydney		–	–
Taipei	F	34	93
Tangier	S	23	73
Tel Aviv	S	29	82
Tenerife	F	24	75
Tokyo	S	30	86
Toronto †	S	9	48
Tunis	S	32	90
Valencia	F	25	77
Venice	F	22	72
Vienna	S	18	64
Warsaw	F	15	59
Washington †	S	22	72
Zurich	R	16	61

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

Clays loses its feet

FT-SE Index: 2327.5 (-10.2)



The savaging of English China Clays yesterday represents a grim warning for any company which turns in interim profits below the market's expectations. Chief executive Mr Andrew Teare has certainly blotted a previously pristine copybook. But it is a bit rich for investors to complain about the timing of the offending land bank provisions. It would have to have been made anyway at the end of the year and merely underlines the wisdom of the original decision to get out of housing.

The accompanying disappointment of low land sales, of course, has dented ECC's image as a strong cash generator. The company should still be cash positive over the year as a whole, but after two years of throttling back on investment capital expenditure is rising again.

The main concern, however, centres on the 1 percentage point fall in clay margins and the prospect of that trend worsening over the next six months. ECC points out that it has seen a $2 pound in the past, but the market is understandably worried that even a trickle of cheaper clay imports will put pressure on European prices. Paper industry customers, after all, could do with the relief. Compensating volume increases can only be dreamed of at this stage, while it is hard to see further scope for removing costs.

In some senses yesterday's re-rating is only overdue acknowledgement that Mr Teare is not infallible. A 7.1 per cent yield, on the other hand, seriously circumscribes his freedom to make acquisitions with the paper. Shackled to the economic cycle for the foreseeable future, the challenge for a fundamentally extractive company must be to avoid a valuation closer to that of the stricken building sector.

Hillsdown

Hillsdown looks to be heading for a third consecutive annual decline in earnings per share. Judged by last night's 14 per cent yield on the shares – notwithstanding the promise of a maintained final – the market is clearly concerned that the rot will not stop there.

Certainly the company looks to be locked into a dangerous game of spending heavily on rationalisation, without any clear sign of how and when the profits are set to bounce. The trading outlook is bleak in the short term, and the whole sector is nervous ahead of the crucial Christmas period. On top of that there are structural problems in fresh meat and poultry, largely responsible for yesterday's sharp reductions in forecasts. On the other hand, the eye-catching appearance on the balance sheet of £88m of previously factored debt should not be exaggerated. Worse types of black hole could be imagined. It should not happen again, and it emphasises the scope for improvement in Hillsdown's working capital management. Tough management words about imported French fowl admittedly need to be matched by action. But the market itself may be in danger of playing chicken.

P&O

At the trading level, yesterday's interim results from P&O seemed to meet expectations. But significantly, the £18m reduction in interest charges came not from the £800m proceeds of last year's rights issue - which were largely offset by £525m of increased borrowings when the bulk of P&O's stake in Laing moved on to the balance sheet. Instead the cost of dollar borrowings fell with US interest rates. While the rights issue may not have been directly used to repair the hole blown in finances by the Laing adventure, its juxtaposition with the borrowing increase illustrates where a lot of shareholders funds have gone.

Of course, those are past mistakes. More chilling was a statement by the chairman that if the economy and the dollar remain depressed, second-half figures could be disappointing. P&O has invested heavily through the recession, and the greater part of its operations are in property and housing or exposed to the vagaries of consumer confidence. While operations like shipbuilding require long-term planning, shareholders may be forgiven for wondering when they will see a return on money spent.

Capital expenditure should decline towards the end of the year, easing the pressure on cash flow, yet tough trading conditions may leave the dividend barely covered by earnings. Hence the share price reflects concern over the payout. Given a classical recovery, P&O would be a screaming buy on a yield over 11 per cent. In a harder world, it is in for a long sweat.

Sweden

Sweden continues to reap the consequences of its remorseless monetary squeeze. But with real interest rates in the mid to high teens, the pressure on the financial sector seems to be becoming unbearable. Just as the central bank was bracing itself to raise its marginal overnight lending rate to 75 per cent yesterday, it became clear that the government would have to rescue Gotabanken, the country's fourth largest bank.

It has little option but to do so. A large bank failure would undermine efforts to maintain the krona exchange rate because it would brutally expose the economic impact of present high interest rates. Trygg-Hansa, the insurance company which owns Gotabanken, simply cannot afford to continue pumping money into its banking subsidiary. Gota's position appears to have deteriorated at an alarming rate. Its problem loans now exceed by a wide margin the SKr13.5bn loss insurance.

Trygg-Hansa would be left with capital of only SKr3.4bn after writing off its investment in Gota and its exposure to Svenska Kredit, the credit insurance company which collapsed yesterday. It would still have a respectable solvency margin of 114 per cent on its Swedish property and casualty business. But the figure would be much lower with consolidation of its US business and the company has acquired a reputation for lurching from blunder to blunder.

As long as the monetary squeeze continues, the problems of the financial sector can only grow worse. The government has already spent SKr25bn bailing out Nordbanken, another large bank. It looks as though taxpayers will have to pay for monetary rectitude for years to come. There will be precious little by way of economic growth to enjoy in return.

FINANCIAL TIMES
COMPANIES & MARKETS

Thursday September 10 1992

INSIDE

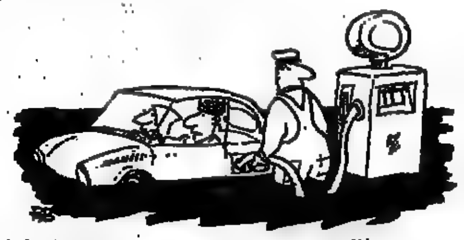
Finnish banks in merger talks

The Union Bank of Finland, one of the country's leading private commercial banks, is in discussions over a merger with the new state-owned Savings Bank of Finland. The proposed financial conglomerate is seen as part of a much wider restructuring of Finnish banking taking place against mounting debt losses and weak operating performance. Page 18

Strong result from the Pru

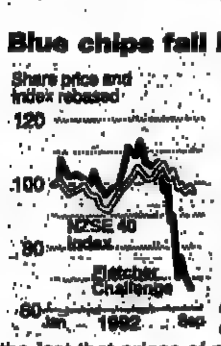
Reduced general insurance losses and a bumper realised investment gain have boosted half-year profits at Prudential Corporation, the UK insurance and financial services group. Pre-tax profits of £249m ($495.5m) represented an increase of 46 per cent on the same period last year and were only £18m short of the group's 1991 full-year profits. Earnings per share rose to 9.4p compared with 5.4p. The dividend was increased to 4.1p, compared with 3.8p last year. Page 21

Carried on a tide of oil



It is difficult to escape oil in Azerbaijan. Hundreds of derricks and nodding donkeys stretch away across the parched landscape like the skeletons of trees in a dying forest. The air is heavy with the smell of crude. You can drive across Azneft Square, named after the state oil producer, and along Oilmen's Street. More than 60 per cent of the land is thought to be oil-bearing, and sometimes the oil seeps to the surface. The republic is hoping oil will bring about its economic renaissance. Page 26

Blue chips fall in NZ



Shares in Fletcher Challenge, the New Zealand forestry-based conglomerate suffering from a wave of negative sentiment, hit a six-year low yesterday. Other leading shares, including Lion Nathan, Brierley Investments, and Carter Holt Harvey also dragged New Zealand equities back, masking the fact that prices of many second line stocks have remained buoyant. Back Page

Market cool on P&O rise

Slightly better than expected interim profits from P&O failed to lift the company's shares, which fell 9p to 340p in London after Lord Sterling, chairman, warned that second-half trading had deteriorated and a strong dollar would hit profits. He said economic confidence appeared to have waned again. "In this climate ... people are simply waiting," he said. Page 18

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Falls			
Aachen Mch Reg	875	-	25
Asko	625	-	20
GEHE	354	-	26
MAN Pref	233	-	6.5
Mercedes Hld	469	-	11
Rosenthal	241.5	-	8.2

NEW YORK ($)

Rises			
Campbells Soup	39 3/8	+	2 3/8
Equitable	8 3/4	+	5/8
Family Dollar	17 5/8	+	1/2
Falls			
Chemical Bank	31	-	1/2
Compaq	32 7/8	-	3/4
English China	22 5/8	-	5 5/8

PARIS (FFr)

Rises			
[illegible]	785	+	34
Falls			
Accor	517	-	15
BSN	936	-	28
Dock de France	369	-	16.1
Redoute	5540	-	120
SILIC	542	-	18

TOKYO (Yen)

Rises			
Fuji	630	+	100
Fukusuke	1260	+	200
Gajoen Kanko	570	+	80
Nichimo	570	+	90
Nissin Food	2730	+	400
Toshiba Ceramic	510	+	67

LONDON (Pence)

Rises			
BluebirdToys	113	+	5
Brit Thornton	12	+	2
Dunhill	418	+	14
Fisons	160	+	10
MTM	33	+	3
Sherwood Comp	230	+	10
Falls			
AMEC	67	-	5
A B Ports	224	-	16
Avina Petrim	45	-	13
Blacks Leis	25	-	3
Blue Circle	134	-	15
Caird	38	-	3
English China	371	-	75
Estates & Gen	9	-	10
Evans Halshaw	201	-	33
Haden Mac'lan	26 1/2	-	12 1/2
Hepworth	220	-	12
Hillsdown	83	-	23
NFC	218	-	11
[illegible]	[illegible]	-	24
Redland	320	-	28
[illegible]	443	-	30
TaylorWoodrow	35	-	8
Wilson Bowden	226	-	14

Forecast credit losses at country's fourth largest bank rise to SKr8bn

Sweden promises to save Gota Bank

By Sara Webb in London

SWEDEN'S centre-right government yesterday promised to support Gota Bank, the country's fourth largest commercial bank, after it forecast a sharp deterioration in its financial position and warned that credit losses would amount to SKr8bn ($1.6bn) in 1992 – double its previous forecast.

The government said that Gota's obligations would be met and it promised to take the necessary measures to maintain the stability of the financial system. The announcement coincided with a tumultuous day in Sweden's financial markets after the Riksbank, the central bank, raised its marginal rate from 24 per cent to 75 per cent to defend the krona.

Gota Bank said credit losses for 1992 would be SKr7bn to SKr8bn, against its earlier forecast of SKr4bn, and predicted that operating losses for 1992 would be SKr3bn to SKr4bn. The bank blamed the combination of high interest rates and Sweden's recession.

The government, which has already been forced to help rescue Nordbanken, another commercial bank, said it would discuss the future of Gota with its management and owner, the Swedish insurance group Trygg-Hansa.

It expects to reach a solution within the next few weeks, and is understood to be considering several options including: stripping out Gota Bank's non-performing loans and placing these in a separate company; combining Gota's non-performing loans with those from Nordbanken; and selling Gota Bank.

Gota's position came to a climax after Trygg-Hansa, which owns 96 per cent of the bank's shares, said it would not provide further funds for the troubled bank.

On Tuesday, Trygg-Hansa had to pull a SKr3.1bn share offer – which was intended to strengthen Trygg-Hansa's capital base – because of turbulence in the Nordic financial markets. Trygg-Hansa's share price had fallen below the share offer price as devaluation fears and higher Swedish interest rates depressed the stock market.

In June, Gota announced a stop-loss insurance plan which was intended to protect Gota's shareholder's equity and provide protection against credit losses and defaults on interest payments.

The financial insurance package protects the bank from credit losses totalling SKr13.5bn during 1992 to 1996.

Trading in the shares of Trygg-Hansa and Skandia, another Swedish insurance company, was suspended yesterday after Svenska Kredit, a credit insurance group which is controlled by the two insurance companies, announced that it had halted payments for lack of liquid funds. Svenska Kredit has large commitments in the form of financial guarantees to the troubled property sector.

Nordic crisis, Page 1; Details, Page 2; Lex, Page 16; Union Bank of Finland, Page 18

Northwest and KLM move near integration

By Nikki Tait in New York

NORTHWEST Airlines, the fourth largest US airline, and KLM Royal Dutch Airlines, the European carrier which owns a minority stake in Northwest, yesterday filed a request for anti-trust immunity with the US Department of Transportation – a move which could herald the integration of their operations.

The airlines said yesterday they wanted to open discussions on matters such as common scheduling, common planning, revenue-sharing and integration of sales forces. The aim, said Mr John Dasburg, Northwest's chief executive, was to develop a "seamless" service for customers using the carriers to travel from Europe to the US. The two airlines added that they would persist with dual-branding "for the time being", but conceded that a "common brand" could be introduced at some stage.

The formal filing of the anti-trust exemption request with the DoT, and the related signing of a commercial co-operation and marketing pact by the carriers yesterday, follows last week's "open skies" agreement between the Dutch and US governments.

This agreement, the first of its kind, ends most restrictions on flights between the two countries and permits KLM to fly into any US city. It also includes a memorandum which gives "sympathetic consideration" to airlines from the two countries that wished to integrate systems.

KLM invested in Northwest in 1989, when the US carrier was subject to a $3.65bn leveraged buy-out, and holds a voting stake of around 10 per cent. The two carriers have made some moves towards blending services: Northwest, for example, sells blocks of seats on some intercontinental KLM flights.

However, the carriers claim that discussions have been hampered by US anti-trust rules, as well as previous bilateral restrictions. Because KLM owns less than 51 per cent of Northwest, the carriers have been unable to discuss areas such as common scheduling arrangements or revenue sharing. The US, meanwhile, does not permit foreign ownership of any US airline to exceed 25 per cent of the voting rights or up to 49 per cent of the total equity.

KLM and Northwest said that no change in the financial/ownership arrangements between the two companies was envisaged in the commercial co-operation agreement, and that they were not lobbying to have US ownership rules changed.

Picture: Trevor Humphries

Drinking partners: Martini's agreement to sell a stake to Bacardi will have the wines and spirits industry shaken and stirred. Each company has sales of between $1.5bn and $2bn and the alliance will create the industry's fourth largest grouping.

Italy bows to pressure on Efim debts

By Robert Graham in Rome

THE Italian government yesterday gave way to sustained pressure from foreign bankers over the handling of L3,500bn ($3.2bn) worth of debts of Efim, the state industrial holding put into voluntary liquidation in July.

The governmwent backed down on its proposal to cover Efim's borrowings by issuing bonds in lire or Ecus at interest rates below the market. This would have meant creditors receving about 80 per cent of their principal and interest otherwise due.

Instead the Amato government, in an effort to restore its credibility in the international markets over the two-month-old Efim saga, offered to pay interest at the same level as when the debts were contracted.

Foreign bankers were angry at the lack of original information when Efim was placed in voluntary liquidation with debts totalling L8,500bn.

This latest development occurred as the holding company's accounts for 1991 were released showing the financial health of Efim was deteriorating faster than publicly admitted before the government's decision to place the group into voluntary liquidation.

Losses for 1991 wereL1,181bn against the previous year's loss of L374.2bn; while estimates up to mid-July suggest losses running at L900bn. Most of these were generated by Alumix, its aluminium company, and Augusta, the aerospace group.

Efim at one stage had talked of the 1991 results holding losses down to L271bn and returning to a modest profit of L99bn in 1994. In the spring when press reports suggested the 1991 loss would be around L800bn, Mr Gaetano Mancini, the then president, said the figure would be nearer L600bn.

Overall turnover was also down in 1991 from L5,088bn to L4,532bn. The accounts show total net debts of L7,654bn at the year-end.

The Efim accounts should have been completed by the end of August. No explanation was given for their only being signed by the outgoing board on Tuesday.

Hillsdown lifted by interest charge cut

By Maggie Urry in London

HILLSDOWN Holdings, the food group, saw its shares slump 23p to 83p yesterday in heavy trading, in spite of announcing marginally higher interim profits and promising a maintained annual dividend, barring unforeseen circumstances.

Pre-tax profits rose from £77.6m to £78.1m, due to a £13.1m fall in the interest charge to £14m following the group's £280m rights issue a year ago.

A gloomy statement on the second-half outlook persuaded analysts to cut profit forecasts for the year, even after heavy downgradings in recent weeks. The shares yield 14 per cent on the basis of the dividend forecast, suggesting the market is not convinced about the payment.

Sir Harry Solomon, chairman, said the first quarter had been reasonable but profitability declined "quite markedly during the second quarter".

Analysts were concerned by £88m of debt on the balance sheet following a change in policy on securitising trade debtors.

Mr Simon Moffat, finance director, said this change increased the group's gearing by 8.6 percentage points to 26.9 per cent at the end of June. He said: "There is no black hole in the cashflow or balance sheet."

Earnings per share were down 23.3 per cent to 6.96p, due to a higher tax rate and the increased share capital, and the interim dividend is unchanged at 2.2p.

Lex, Page 16; Details, Page 23

ECC makes surprise £13m provision on UK building

By Andrew Taylor, Construction Correspondent

THE share price of English China Clays, the world's largest producer of china clay, plunged almost a sixth yesterday from 446p to 371p after the company announced an unexpected £13m ($25m) provision against its depressed UK housebuilding and building materials business.

The stock market value of the company fell by more than £200m as 6.7m shares were traded, the highest daily volume in the company's shares for four years.

The provisions, £11.2m against housebuilding, were revealed as the company announced a 23 per cent fall in pre-tax profits to £40.8m. There is an unchanged interim dividend of 6.6p.

Mr Andrew Teare, chief executive, said: "There has been a marked deterioration in the UK housing market during the past three to four weeks and this prompted our decision. The fall follows from the ending last month of government concessions on stamp duty on the purchase price of homes up to £250,000." Following the company's announcement, stockbrokers cut their pre-tax profits forecasts for English China for this year, from between £120m-£135m, down to £90m-£95m.

The company said that first-half profits before the provision were marginally up at £54.1m, from £53.2m, helped by an interest charge of only £600,000 against £11.4m at the corresponding stage last year.

Net debt of £128m is mostly in US dollars. The group therefore is benefiting from very low interest rates in the US as well on currency translation into sterling.

Mr Teare said the group was planning to take advantage of low US rates to switch about $250m of borrowings into medium-term fixed interest bonds through a public offering in the US.

Profits from china clay slipped from £48.9m to £46.5m while building material profits fell from £11.3m to £7.5m. Housing profits fell from £8.9m to £4.5m. Earnings per share declined from 12.63p to 10.22p. Group turnover fell from £511.8m to £479.4m.

Lex, Page 17;
Taylor Woodrow result, Page 21
Market report, Page 27

General Motors launches credit card

By Alan Friedman in New York

GENERAL MOTORS yesterday became the latest big industrial company to enter the US credit card market, with a competitively priced product christened the GM Card.

The card, which GM says will offer rebates of up to $3,500 on the purchase of a GM car or truck, marks an unusual move by the largest US motor group. Together with other new cards on offer from industrial companies, the GM plan could signal a competitive challenge for traditional bank issuers of credit cards.

The GM card, issued in association with the Mastercard network, comes a week after General Electric, the US conglomerate, unveiled plans to launch the GE Rewards MasterCard. Another company competing with bank issuers is American Telephone & Telegraph (AT&T), which offers the Universal Card.

The GE card was criticised by some analysts last week because it carries a high interest rate of 18.4 per cent and an annual $25 fee. By contrast, GM offers a 16.4 per cent adjustable interest rate – current prime plus 10.4 per cent – and no fee. The average rate being charged to US credit card customers is 18 per cent.

The GM card was described yesterday by Mr Michael Losh, GM vice-president in charge of north American vehicle sales and marketing, as "a powerful and innovative marketing tool that can help GM and its products stand above the competition".

Mr Losh said GM would soon launch one of the biggest direct mail and advertising campaigns in its history, with more than 30m Americans receiving pre-approved GM card applications by post. Analysts reckon that GM, which lost $4.5bn last year and recently suffered a nine-day strike as it tried to cut jobs, clearly needs new marketing tools.

GM cardholders can earn a 5 per cent rebate, of up to $500 a year, for seven years, and then obtain a rebate of up to $3,500 on the purchase or lease of a GM vehicle. In addition, GM cardholders will be able to receive a 10 per cent rebate by using the card to buy goods or services from a group of GM corporate partners, such as MCI, the telephone system, Avis, the car hire company, and Marriott, the hotel chain.

CarnaudMetalbox shows progress

By John Thornhill in London

CARNAUDMETALBOX, the Franco-British packaging group, yesterday continued to report steady progress as it registered a 16 per cent improvement in interim net earnings to FFr549m.($115m).

Sales rose by just 1 per cent to FFr12.6bn in the half-year to June 30 in the face of tough trading conditions but profits improved at a faster rate due to improved operating efficiencies and cost reductions, the company said.

CarnaudMetalbox, formerly known as CMB Packaging, was formed three years ago through the merger of the packaging interests of Metal Box of the UK and the French Carnaud.

It forms Europe's biggest packaging concern with about 85 per cent of its sales of plastic and metal packaging materials in Europe. Operating profits were 8 per cent higher at FFr1.2bn as productivity improved and the profits margin widened from 9.1 per cent to 9.8 per cent. Net profits were flattered by a net reduction in exceptional restructuring charges.

Mr Jürgen Hintz, the American chief executive who was brought in a year ago to ease the frictions that had accompanied the birth of the merged company, said customers were "responding to the group's improved quality, service and marketing performance".

The company said packaging markets remained generally weak but expected its results to maintain their progress over the full year.

Capital expenditure was a shade lower at FFr713m and the number of employees was cut by 6 per cent to 30,740 during the half year. Net debt fell 15 per cent to FFr5bn.

Sales would have been 3 per cent higher had comparable exchange rates and company structure applied during both periods, the company added. Earnings per share rose to FFr6.8 from FFr5.9

Increase at P&O fails to impress market

By Angus Foster in London

SLIGHTLY better than expected interim profits from Peninsular and Oriental Steam Navigation Company failed to lift the company's shares.

They fell 9p to 340p after Lord Sterling, chairman, warned that second-half trading had deteriorated in some areas and a continuing strong dollar would hit profits.

Pre-tax profits increased from £73.1m ($146m) to £101.1m in the six months to June 30, helped by a lower interest charge – from £71.7m to £53.8m – following last year's £604m rights issue.

Lord Sterling said economic confidence appeared to have waned again. "In this climate ... people are simply waiting," he said.

Bovis Homes, the company's housebuilding arm, had a "disappointing" first half, although average selling prices were maintained. Sales levels in July and August were again lower than in the same period last year.

Bovis Construction performed well, mainly due to overseas contracts, and the company's order book is unchanged from six months ago at about £3.7bn.

P&O European Ferries continued to perform well and carried record numbers of passengers.

The ferry and cruise operations weathered recession because customers had higher disposable incomes, Lord Sterling said, although cruise operations were vulnerable to the weak dollar.

Operating profits for P&O's divisions were: service industries down 12 per cent to £46.2m, passenger shipping up 10 per cent to £48.1m, container and bulk shipping up 17.2 per cent to £36.2m, investment property up 19.4 per cent to £38.1m.

Housebuilding, construction and development saw increased losses from £3.5m to £13.7m.

Most of the losses were incurred before P&O and Chelsfield restructured their joint venture property company, Pall Mall, in April. The restructuring brought about £525m of debt on to P&O's balance sheet, and lifted net borrowings from £1.1bn to £1.6bn, to take gearing on stockholders' funds of £2.3bn to 70 per cent.

Turnover and operating profits were barely changed at £2.46bn and £154.9m, respectively. There was an extraordinary gain of £51.6m, mainly from the sale of part of the company's stake in a Hong Kong container terminal.

Earnings increased 17.3 per cent to 12.2p while the dividend is maintained at 13.5p.

Lex, Page 18

Bang & Olufsen expects to be back in the black

By Hilary Barnes in Copenhagen

BANG & OLUFSEN, the Danish manufacturer of television and audio equipment, cut a pre-tax loss of DKr136m last year to a loss of DKr30m ($5.57m) in the year to May 31 and forecast a return to profit in the current year.

The net loss was reduced to DKr31m from DKr74m, while the operating result, before financial items, returned to a profit of DKr12m from a loss of DKr47m last year.

Sales showed little change, moving up to DKr2.24bn from DKr2.18bn. The group said the DKr98m improvement in the pre-tax result was due to an improved cost structure and changes in the management and corporate organisation.

The rise was achieved against a deteriorating market, which is not expected to improve. The outlook for the market for audio and video products is a further decline of 3-5 per cent over the coming year, said the group.

But with costs under control, management strengthened, and new products ready, B & O nevertheless expects an improvement in results.

After a loss per share of DKr25, down from DKr60 last year, no dividend will be paid, said the preliminary statement.

Favourable weather lifts Grolsch 20% to Fl 15m

By Ronald van de Krol in Amsterdam

GROLSCH, the Dutch beer producer, lifted net profit by slightly more than 20 per cent to Fl 14.9m ($9.3m) during the first half-year, aided by favourable weather conditions in its home market.

Sales showed a 15.9 per cent increase to Fl 423.9m, with about half of the rise attributable to the acquisition of Ruddles, the British brewer, in early 1992. Operating profit rose by 27 per cent to Fl 22.4m.

The premium beer markets in the UK and Germany, where Grolsch made its first acquisition in 1991 by buying Wickuler, a regional brewer in the Ruhr area, were affected by difficult economic conditions in both countries. Dutch sales were "excellent," thanks to good weather in the spring.

Exports to other markets were satisfactory on balance, although they varied considerably from country to country, the company said.

Commenting on the first-half figures, Grolsch said that the same period of 1991 had been weak because of the Gulf war and poor weather conditions in May and June.

By contrast, results in the 1991 second half were strong, and Grolsch believes it will be able to match this performance in the second half of this year. Overall, full-year profit is expected to show a rise.

Union Bank of Finland in merger talks

By Robert Taylor in Stockholm

THE UNION Bank of Finland, one of the country's leading private commercial banks, is in discussions over a merger with the new state-owned Savings Bank of Finland.

The proposed financial conglomerate is seen as part of a much wider restructuring of Finnish banking taking place against of mounting debt losses and weak operating performance.

A merger would be welcomed by Finland's hard-pressed centre-right government which has already provided about FM28bn ($6.31m) in loans and guarantees to prop up the banking system. Government sources believe further support will be needed soon.

Last autumn the Central Bank had to take control of Skopbank, then the country's fourth largest bank and the clearing bank for the savings banks to rescue it from collapse.

The Central Bank sold its holding in Skopbank to the government's guarantee fund in June. As a result of the rescue the Central Bank has already lost about FM6.9bn.

But the Union Bank is believed to be laying down strong conditions for any merger or other arrangement with the Savings Bank which has emerged from a merger of 41 Finnish savings banks, including Skopbank.

Pinault to sell furniture arm

PINAULT, the French timber and department stores group, has agreed to sell its Ordo office furniture subsidiary to Haworth International of the US, Reuter reports from Paris.

Haworth said the deal, for which it did not give a price, would be submitted to the French government for approval. Ordo's turnover in 1991 was more than FFr300m ($62.76m) and Haworth's was more than $600m.

BBL directors meet over shareholder structure

By Andrew Hill in Brussels and Ronald van de Krol in Amsterdam

DIRECTORS of Banque Bruxelles Lambert (BBL) yesterday met for an unscheduled discussion of the Belgian bank's future strategy, amid continuing speculation about the company's unstable shareholder structure.

BBL refused to comment on the substance or outcome of the meeting, but said it would release a statement today.

Belgian newspaper reports yesterday suggested that the meeting would focus on the intention of Internationale Nederlanden Groep, the Dutch banking and insurance group, to increase its 10 per cent stake. ING, which is seeking some form of collaboration with BBL, also declined to comment yesterday.

Over the past few months, market hopes of a significant development have frequently been raised ahead of BBL board meetings only to be dashed by bland statements from the bank afterwards.

Brussels brokers cautioned against reading too much into yesterday's meeting, but pointed out that it was exceptional – coming a week ahead of the scheduled meeting - and that a number of executive directors had been called back from their holidays to attend.

The future of BBL revolves around the attitude of Groupe Bruxelles Lambert, the Belgian holding company which controls 24 per cent of BBL. Mr Albert Frere, who heads the holding company, is believed to want to reduce the stake. ING last month turned down a 5.2 per cent stake offered by the Italian holding company Union Nazionale de Participazioni, on the grounds that the price was too high.

Buoyant Bertelsmann reports 6% improvement

By Andrew Fisher in Gütersloh, Germany

BERTELSMANN, the German publishing, music and commercial television group expects profits to improve further this financial year after a 6 per cent gain to DM570m ($407.1m) in net income for 1991-92.

Mr Mark Wössner, chief executive, said he expected turnover and profits to rise by about 10 per cent. Bertelsmann had not experienced any of the domestic weakness in publishing or sales difficulties in Europe that some companies had spoken of.

Turnover in the financial year to June 30, 1992, rose by 10 per cent to DM16bn. The net profit was after start-up costs on new projects of DM310m, sharply up from the previous year's DM183m. Mr Wössner said the increase partly reflected the need to lift its stake in a Berlin publishing venture to full ownership after the death of Mr Robert Maxwell whose Maxwell Communications was an equal partner.

Bertelsmann has been investing in newspapers in east Germany, the Premiere pay-tv channel in Germany, and new music labels in the US, UK.

Mr Siegfried Luther, financial director, said most of the turnover increase came from the group's existing businesses and about 2 per cent from new ventures. Cash flow was 8 per cent higher at DM1.3bn,and net indebtedness came down considerably from DM363m to DM43m.

Invesco to pay compensation

By Norma Cohen, Investments Correspondent

INVESCO MIM, the UK fund management group, said yesterday that a portion of a £9m ($17.91m) exceptional charge to its interim earnings will be paid to Drayton Consolidated Trust, an investment trust managed by Invesco, as compensation for having violated investment trust guidelines.

The move is connected with Drayton's investment in Alma Holdings, Scotland's largest sweet manufacturer, which collapsed earlier this year. Drayton Consolidated, which concentrated on investments in unquoted companies, had the value of its assets written down by £47m earlier this year and is currently under a reorganisation.

BNL reports profits of L592bn at midway point

By Haig Simonian in Milan

BANCA Nazionale del Lavoro (BNL), the Italian state-owned bank, reported operating profits net of extraordinary items of L592.1bn ($557m) in the first six months of this year.

The figures include earnings for activities which were previously not consolidated, and are not directly comparable with those for the same period of 1991, when BNL's direct banking operations reported operating earnings of L552bn.

The bank reported improvements in most operating areas. Interest earnings reached L1,564bn, while fee income amounted to L1,946bn. In the first half last year, BNL earned L1,161bn and L1,793bn for interest and fee income respectively. Again, the figures are not directly comparable.

WestLB warns of tough half

By David Waller in Frankfurt

THE CHIEF executive of Westdeutsche Landesbank Girozentrale (WestLB), the German regional public sector bank, yesterday warned that business conditions in the second half of the year would be tougher than in the first six months, when profits before acquisitions rose by over 11 per cent.

O&Y sets date to win approval on debt plan

By Bernard Simon in Toronto

OLYMPIA & York, the Canadian property developer which has been under court protection since mid-May, is aiming to obtain creditors' approval by the end of November for a plan to restructure about two-thirds of its C$13.5bn (US$11.3bn) debt.

O&Y has indicated to creditors of its Canadian operations that it intends to ask an Ontario judge to extend its protection from October 21 to the end of the year, in order to finalise the restructuring.

Its plans are complicated, however, by the fact that negotiations with 27 different creditor groups are not proceeding at the same pace.

An official of one project lender said yesterday that O&Y has made "great progress" in talks on some of its 11 core Canadian properties, but that wide differences still remain on others.

A lawyer for another group of lenders predicted that it is "most unlikely" that agreements can be signed by the end of November.

"Most of their proposals are so far out that it would take a significant change in position and significant redrafting to get there," he said.

O&Y last month presented draft restructuring proposals. The proposals effectively ask project lenders to extend the maturity dates of their loans and furthermore to accept tax-exempt "distress" preferred shares.

Unsecured lenders would exchange their debt for bonds convertible into equity in the parent company, Olympia & York Developments.

O&Y has not offered to hand over any of its Canadian properties to their bondholders as it has done with the mammoth building at 55 Water Street in New York.

Mr Steve Miller, O&Y's chief negotiator, is understood to have told the lenders that none of the Canadian properties falls into the same "basket-case" category as the Water Street property. That property has a high vacancy rate and it is also in need of expensive renovations.

Bondholders accept NY building

By Bernard Simon

OLYMPIA & York, the ailing Canadian developer, is turning over ownership of its biggest New York office building to the property's bondholders.

The deal involves a 53-storey building at 55 Water Street in Manhattan's financial district. It marks a rare vote of confidence in the future of the New York office market – plagued for four years by high vacancy rates and tumbling rentals.

Besides exchanging their $548m in secured notes for a 100 per cent equity stake in the 3.3m sq ft building, the bondholders have agreed to invest an extra $21m in preferred shares. The deal is expected to be finalised early next year.

The biggest bondholder, the Retirement System of Alabama, has expressed a willingness to buy out the remaining investors as well as to contribute their share of the preferred share issue.

Mr Wilbur Ross, senior managing director at Rothschild, which has advised the bondholders, said this commitment could require an investment of up to $140m by the Alabama pension fund. Mr Ross interpreted the pension fund's commitment as a vote of confidence in the New York property market. "This is not some real estate speculator doing it on borrowed money. This is a very serious investor," he said.

Record results at Campbell Soup

By Nikki Tait in New York

CAMPBELL Soup, the US food company which underwent a big restructuring in the early 1990s under a new chief executive, yesterday reported a 22 per cent rise in net profits to $490.5m during the 12 months to August 2.

The record results were scored on sales of $6.26bn, virtually unchanged from the previous year. *In the final quarter* alone, Campbell saw after-tax profits rise by 29 per cent to $109.2m, on sales of $1.43bn compared with $1.35bn.

Mr David Johnson, Campbell's *Australian chief* executive, said the group was particularly pleased by the growth in its core soup business, both in the domestic market and overseas.

He also pointed out that exchange rates had the effect of depressing reported sales in the first three quarters, and that underlying sales from continuing business rose by five *per cent during the year.*

The Campbell North America division, the largest part of the group, saw operating profits rise by 19 per cent during the year, to $792.8m, with sales *from continuing businesses rising* by 5 per cent. Helped by some new varieties, soup volume increased by 5.5 per cent.

The Campbell bakery and biscuit operations fared less well, with operating profits easing by one per cent to $90.6m, partly because of a strike at a now-closed Belgium plant. Sales were up three per cent at $808.6m.

On the international front, the company saw operating profits gain 4 per cent to $40.5m, although sales fell by 9 per cent to $1.11bn.

Pepsi-Cola, NZ brewer in soft drink venture

By Terry Hall in Wellington and Nikki Tait in New York

PEPSI-Cola International, part of the US PepsiCo group, is to form a joint venture with Lion Nathan, the New Zealand brewer, to produce, distribute and market PepsiCo soft drinks in Australia and New Zealand, the companies announced yesterday.

The venture will have combined sales of more than NZ$200m (US$107.5m) in a highly competitive market.

Lion Nathan, the biggest liquor group in Australasia, has been the sole producer of Pepsi products in Australia since 1990. The joint venture will also incorporate the New Zealand operations owned by Pepsi.

It will be 83 per cent owned by Lion Nathan and 17 per cent by Pepsi. The companies said the equity stakes reflected the values of their respective businesses.

The venture will be managed by Lion Nathan, which last year had sales of more than NZ$2bn.

The managing director will be Mr William Wilson, formerly group vice-president for PCI Asia. He will be based in Sydney.

Mr Douglas Myers, chief executive of Lion Nathan, said his company had invested heavily in the Australian soft drink market, and recently opened a A$50m (US$35.7m) facility in Sydney.

The company's soft drink sales were up 20 per cent in the past year, in spite of the Australian recession, Mr Myers said.

In the US, Pepsi said it saw considerable efficiencies to be gained from combining the Australian and New Zealand operations, given the similarities of the two countries' markets.

No cash was involved in the deal, but the US soft drinks, *snacks and restaurants group* said that it expected some "aggressive" investment in the joint venture – in proportion to the shareholdings.

Commonwealth Bank profits fall

By Bruce Jacques in Sydney

COMMONWEALTH Bank, the leading Australian financial institution, has announced a big fall in earnings in its first full-year as a publicly-quoted company.

The federal government-controlled bank, which floated 30 per cent of its capital last year, sustained a 54 per cent slide in net profits to A$403.8m (US$292m) for the 12 months to June from A$883.3m the year before.

However, the figures released yesterday suggest underlying profits improved. Excluding abnormals, net profits rose to A$455.2m from A$279.9m. The distorting factor was an A$608.8m abnormal profit in the previous year.

The directors announced a 20 cents a share final dividend, bringing the bank's first annual payout to public shareholders to 40 cents a share and making a dividend ratio of 82 per cent.

Commonwealth Bank maintained its "conservative" image by reporting sharply lower bad debt write-offs and problem loans than its long-standing public rivals, Westpac, ANZ and National Australia Bank, which all recently reported for the first half to March.

The Commonwealth bank reported reduced bad and doubtful debt write-offs, down to A$843m from A$1.03bn, with total problem loans easing to A$3.41bn from A$3.45bn.

Mr David Murray, managing director, said the bank's capital adequacy ratio had improved to 9.9 per cent at the latest balance date, from 8.73 at June 30 last year – before the flotation, but just after the bank acquired the State Bank of Victoria. This compares with an Australian Reserve Bank minimum ratio of 8 per cent.

Mr Murray sought to distance his bank from the property valuation problems besetting other leading Australian banks.

He said a review of its commercial property exposures, involving about A$8bn worth of property, had confirmed the adequacy of values and provisions.

"The bank does not have any material involvement in property development activities, either directly, through subsidiaries, or through joint ventures in Australia or offshore," he said.

But he said the bank's results continued to reflect the effects of the deep and widespread recession in Australia. "Economic recovery is weak and patchy," *he said.*

"The current year is likely to feature continuing low demand for lending business, making our commitment to cost control, improved efficiency and enhanced customer service critical to better profit performance."

A divisional earnings breakdown showed banking operations lifted their contribution to A$385.5m from A$207.4m, and the financial services division boosted its result to A$11.8m from A$6.2m. The New Zealand-based ASB Bank turned in an almost static profit of A$28m from A$28.4m.

● Westpac has brought forward the date of its annual meeting by almost a month to January 19. The bank has also changed the requirement for removal of directors from a 75 per cent majority to a simple majority.

Burns Philp earnings rise 73%

By Bruce Jacques in Sydney

BURNS Philp & Company, the diversified Australian food technology group, is holding its annual dividend at 15.5 cents a share after a 73 per cent rise in net profits to A$92.1m (US$65.76m) in the year to June, from A$53.3m 12 months earlier.

The result, achieved on a rise in sales to A$2.43bn from A$2.35bn, was helped by improved earnings from its Australian hardware operations and higher interest income on proceeds of the sale of its interest in QBE Insurance Group, its former associate.

Profits from the company's core food and fermentation division fell 4 per cent to A$62.4m, but hardware earnings rose 8 per cent to A$22.8m. Investment division earnings were up 47 per cent at A$6m.

Mr Andrew Turnbull, managing director, expects the company's main food businesses to make steady progress this year. He also indicated that the company was "fairly advanced" in discussions to buy into the eastern European yeast market and into a privatised business in Russia.

● QBE Insurance Group held earnings to a 3 per cent fall in the latest June year. The company is raising its annual dividend to 25 cents a share from 22 cents. Total operating revenues rose to A$1.02bn from A$921.1m.

Borland aims to boost spreadsheet sales

By Louise Kehoe in San Francisco

IN A bid to capture a bigger share of the billion dollar market for personal computer spreadsheet programs, Borland International, the US software company, today launches its Quattro Pro for Windows program.

Quattro Pro will compete directly with spreadsheets from Lotus Development, an early leader in the market, and from Microsoft, which has won sales with its Excel program.

Earlier this week, Lotus slashed the price of its 1-2-3 for Windows spreadsheet by $100 to $495, matching the price of Microsoft's Excel.

Borland has also priced Quattro Pro for Windows at $495, but will include a copy of Quattro Pro for use with the older DOS operating system as well as the Windows version. It is also offering the program to users of competing products for a special price of $150.

Borland and Lotus are locked in a copyright dispute in which Lotus has accused Borland of copying elements of 1-2-3 for use in Quattro Pro. Borland recently modified its program to eliminate some elements after a US court ruled that they infringed Lotus copyrights. Borland is expected to appeal the decision.

Howard Smith cuts dividend

By Bruce Jacques in Sydney

HOWARD SMITH, the Australian shipping and engineering group, has reduced its *annual dividend from 35 cents* to 27.5 cents a share after a 62 per cent fall in earnings to A$53.5m (US$38.2m) in the 12 months to June from A$140.5m a year earlier.

However, the comparison was distorted by a one-off A$75.4m profit in the previous period on the sale of the group's strategic stake in Coal and Allied Industries. Following this sale, Howard Smith is virtually debt free, with cash reserves of A$100m.

Pre-tax earnings were down by 16 per cent to A$81.4m from A$97.4m, on a 15 per cent fall in revenue from A$977.8m to A$832.2m.

Mr Penton Sutcliffe, managing director, said the group was looking to expand, but he saw little sign of rapid economic recovery.

Hino Motors predicts 57% fall in earnings

By Robert Thomson in Tokyo

HINO Motors, Japan's leading truck maker, yesterday forecast a 57 per cent fall to Y3bn ($24m) in pre-tax profit for the first half to the end of September, blaming a weak domestic market and a stronger than expected yen for the sharp decline.

The downturn in capital spending in *Japan has* hurt the truck industry, which reported a 2.4 per cent fall in unit sales for the *first quarter* of the fiscal year, which began in April.

Hino expects sales of Y299.5bn for the first half, down 5 per cent, though the decline would have been greater but for commissioned production of cars by Toyota Motor, which owns 11 per cent of the truck maker.

The company had reckoned on an exchange rate of Y130 to *the dollar for the year, but the* yen has been trading at around Y123, reducing profits from *exports to Asian markets,* where demand remains strong.

Japan's truck makers are hoping the increase in infrastructure spending promised in the recent emergency economic package will stimulate the domestic market, but fear sales will continue to decline for the next few months.

The industry reported sharply increased sales during *the late 1980s, when construction* orders surged and companies were generally expanding *capital investment. Unit sales* in Japan rose 17.8 per cent in 1988 and 10.3 per cent in 1989, prompting manufacturers to increase capacity.

But economic downturn has left most makers with excess capacity and difficult-to-cover depreciation charges, which rose in line with their expansion of facilities. Meanwhile, the volatility of the Tokyo *stock market has left them less* able to bolster profits by selling long-held stocks.

INTERNATIONAL CAPITAL MARKETS

Scandinavian markets struggle through the confusion

By Tracy Corrigan in London and Patrick Harverson in New York

SCANDINAVIAN bond markets struggled through another day of confusion, after the Swedish central bank raised its marginal lending rate to 75 per cent from 24 per cent, to stem the outflow of funds.

The move followed Tuesday's decision by the Bank of Finland to let the Finnish markka float against other currencies.

GOVERNMENT BONDS

However, Swedish bond prices held up relatively well, considering the swings in money market rates. The yield on the 10-year and 11-year Swedish government bond rose about ¼ point, on top of Tuesday's half-point yield increase, while two-year bond yields rose from 13.65 per cent to 14.15 per cent.

Signs that the rise in short-term interest rates – overnight rates reached 90 per cent – had succeeded in stemming the outflow of funds helped calm fears of devaluation of the currency, restoring some confidence in the bond market.

However, the success of the central bank in fending off devaluation may have negative political consequences, given the dire straits of the Swedish economy. "The focus of the bond market will have to shift from the Riksbank's hawkishness to domestic political implications," said Mr Richard Gray, a director of international bond research at UBS Phillips & Drew.

Trading conditions remained very difficult, amid widespread confusion over rate movements. "It was a very frustrating day," said one trader. "It has been extremely difficult to get hold of paper."

See Lex

■ ITALIAN bond prices proved volatile yesterday, recouping losses of more than ½ point to end a point up on Tuesday's close. The market opened lower, on renewed concerns of a currency devaluation. However, news later in the day that the government was seeking stronger powers to tackle Italy's economic problems provided a fillip for the market.

■ CONCERN about pressures on sterling again pushed down prices in the gilts market, which ended half a point lower.

Dealers reported selling mainly among foreign investors, exacerbated by reports that the Bundesbank might favour devaluation of the pound, the lira and the peseta.

The focus in the gilts market is firmly fixed on currency worries and the implications of the French referendum on Maastricht. However, attention may turn back to the domestic economy shortly.

With retail prices and producer prices data due for release on Friday, followed by a spate of figures including unemployment, industrial production and money supply next week, bond dealers will, unusually, be looking for signs of strong economic data.

"Weak data would simply increase the pressure on the government to devalue the pound," according to Mr Simon Briscoe, an economist at Midland Montagu.

■ FRENCH bond prices ended nearly half a point lower after the release of a second opinion poll yesterday showed a narrow 51 per cent majority for a Yes vote on Maastricht in the referendum. An earlier poll showed only a slightly wider 52 per cent Yes vote. Traders said the market seemed to be having second thoughts about discounting a narrow yes vote.

■ AFTER two days of strong gains, US Treasury prices fell yesterday as enthusiasm over the outlook for interest rates fizzled.

In late trading, the benchmark 30-year government bond was down 11/32 at 100, yielding 7.244 per cent. At the short end of the market the two-year note was also lower, down 1/32 at 100⅝, yielding 3.834 per cent.

Intermediate-dated paper fared better early on, with the 10-year note firming to 100 13/32 (yielding 6.284 per cent) as institutions continued to move out of mortgage-backed securities, fearing the latest drop in interest rates would trigger refinancings and early repayments of mortgages by homeowners, and into intermediate-dated Treasury securities. However, intermediates eventually succumbed and the 10-year ended down 1/32 at 100⅜.

The rest of the market was subdued, with investors giving back some of the gains earned last week.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	107.6262	-0.785	8.85	8.90	8.34
BELGIUM		8.750	06/02	99.0500	-0.200	8.89	9.09	8.69
CANADA *		8.500	04/02	108.9300	-0.950	7.20	7.29	7.38
DENMARK		9.000	11/00	96.4500	-0.600	9.64	9.83	9.43
FRANCE	BTAN	8.500	03/97	98.6271	-0.311	9.42	9.59	9.34
	OAT	8.500	11/02	97.3500	-0.230	8.89	9.11	9.00
GERMANY		8.000	07/02	101.4450	-0.050	7.78	7.90	8.03
ITALY		12.000	05/02	91.1000	-0.685	14.15†	14.02	13.47
JAPAN	No 119	4.800	06/99	100.4367	-	4.72	4.91	5.10
	No 145	5.500	03/02	104.0665	-0.204	4.88	4.99	5.18
NETHERLANDS		8.250	06/02	99.8600	-0.170	8.27	8.33	8.38
SPAIN		10.300	06/02	87.7250	-0.450	12.52	12.79	12.01
UK GILTS		10.000	11/96	100-03	-22/32	9.90	9.80	9.55
		9.750	08/02	102-14	-21/32	9.36	9.50	9.30
		9.000	10/08	99-25	-6/32	9.03	9.24	9.06
US TREASURY *		6.375	08/02	100-03	-11/32	6.33	6.61	6.58
		7.250	08/22	99-27	-16/32	7.26	7.42	7.38
ECU (French Govt)		8.500	03/02	92.9500	-0.510	9.48	9.75	9.41

London closing, *New York closing. Yields: Local market standard

† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)

Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

Italian tax move will lift funding costs for agencies

By Tracy Corrigan and Richard Waters

FUNDING costs for supranational agencies such as the World Bank and the European Investment Bank are set to rise sharply, following a decision yesterday by the Italian government to remove their tax exempt status for Italian residents.

Until now, Italian residents holding Eurobonds issued by agencies of which Italy is a member have been exempted from paying 12½ per cent withholding tax. The abolition of this exemption has been expected since early this year.

The lifting of the tax-exemption is not retroactive, so the decision should have limited impact on World Bank and EIB bonds trading in the secondary market.

Eurobonds issued by Italy, and government-backed borrowers such as Ferrovie will maintain their tax-exempt status.

The World Bank and the European Investment Bank are likely to see their funding costs in certain markets rise dramatically.

While in some sectors, such as the Eurodollar bond market, the broad distribution of their paper will limit their impact, their access to extremely cheap, opportunistic funding in more obscure markets will be severely curtailed.

For example, the EIB yesterday launched a Pta10bn issue of floating-rate notes paying interest at ⅛ point below the London interbank offered rate. Such a pricing would be simply "out of the question" without the tax-exempt status in Italy", one banker said.

"It may certainly put up the price of new issues," said Mr Tom Hackett of the European Investment Bank after the announcement.

Floating rate note issues were likely to be most affected, he added, though he said that it was impossible to assess the full impact until the details of the changes had been studied.

The EIB has been raising Ecu1.2bn to Ecu1.3bn a month so far this year, and expected to continue its borrowing programme at the same rate.

Yesterday's news puts into question the planned launch today of a Y50bn issue from the EIB. "We will take advise from our lead managers on how we proceed," Mr Hackett said.

The World Bank, meanwhile, said that the tax change would have only a limited impact on its borrowing programme. Ms Jessica Einhorn, treasurer, said that the bank had been aware of the likely move for some time.

"We have for that reason structured a borrowing programme that explicitly sought not to become too dependent on those types of borrowing." She acknowledged, though, that the change would have an effect "at the margin".

Upheaval in Sweden prompts postponement of Eurobond issue

By Richard Waters and Tracy Corrigan

THE upheaval in Swedish financial markets yesterday prompted Goldman Sachs to pull a Eurobond issue for a Swedish borrower in what is thought to be the first such delay of its kind to an underwritten issue.

The postponement, to a $384m mortgage-backed issue, left other banks puzzled and concerned that a precedent had been set which could affect

INTERNATIONAL BONDS

future Eurobond offerings. "As professionals, we carried on underwriting deals through the Gulf war. The state of the market shouldn't make any difference," said one banker not involved in the transaction.

Goldman Sachs said that the deal, for Osprey Mortgage Securities, a special vehicle for a subsidiary of a subsidiary of the Skandinaviska Enskilda Banken, had been postponed with the agreement of the borrower. The deal had been underwritten before Tuesday's four point rise in Swedish interest rates, even though it was not announced until later that day, Goldman said. But it added that yesterday's sharp hike in rates had finally persuaded those involved in the deal – both investors and issuer – that it would be better to delay.

However, even banks close to the deal remained puzzled by the on-off nature of the launch. "It's all pretty impenetrable," one said. "We didn't know it would be launched yesterday. The reasons for doing it then – or pulling it now – are equally puzzling."

The move also left bankers trying to remember when underwritten issues have been pulled in the past. The only transaction of any significance was a proposed launch for BAT, the British tobacco and financial services group, at the time of a proposed break-up bid from Sir James Goldsmith. However, that had been a matter directly related to the company, rather than being a market-related delay.

Meanwhile, one of the best-trailed issues for some time – a $500m 10-year deal for Landeskreditbank Baden-Württemberg (LKB) – received a strong welcome.

LKB, the triple-A rated German regional bank backed by the German state of Baden-Württemberg, is working hard to build its profile in the international capital markets. Along with Kreditanstalt für Wiederaufbau, the German agency, LKB is the only credit available in the Eurobond market which can be viewed as quasi-German government debt.

This message had been hammered home to investors in thorough marketing in the run up to the issue, ensuring a good take up by institutions across Europe and Asia Pacific. The bonds were launched at the expected spread of 33 basis points over US Treasuries.

LKB has traditionally underperformed comparable credits in the Eurobond market. In the past, its borrowings have been opportunistic, with issues in retail-targeted currencies such as the Australian dollar. However, the need to fund an ambitious expansion programme, partly fuelled by the financing of projects in eastern Germany, has lifted the bank's borrowing programme for next year to as much as DM12bn, of which half will be raised in the international capital markets.

In the other big event of the day, Merrill Lynch handled a rare back-to-back deal in the Canadian and Australian dollar markets, though to lukewarm response.

The Province of Quebec raised A$235m while SECV of Australia raised C$200m, with the two swapping the proceeds of the respective issues. The back-to-back arrangement would have saved the borrowers 25 to 30 basis points on their joint borrowing costs, one bank estimated.

However, the large size of the issues – the A$ component was said to have been the largest ever Euro-A$ bond issue – and the fact that neither borrower is a top-rated credit meant that both struggled to find buyers.

After the syndicates had been broken, both settled below their issue prices.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
LKB Baden Wurt'berg Fin.(a)†	500	6.625	99.26	2002	0.325/0.20	J.P.Morgan Secs.
Deutsche Bank Fin.NV(b)‡†	150	(b)	100.30	2002	0.50/0.30	Deutsche Bank AG
MBL Fin.(Curacao) NV(c)†	85	7¼	100	2007	2¼/1½	Mitsubishi Finance
MBL Fin.(Curacao) NV(d)†	135	7⅛	100	2006	2⅛/1⅜	Mitsubishi Finance
CANADIAN DOLLARS						
SECV(e)†	200	7⅞	100.933	2002	2/1⅝	Merrill Lynch Intl
AUSTRALIAN DOLLARS						
Province de Quebec(a)†	235	9½	100.93	2002	2⅛/1¼	Merrill Lynch Intl
SWISS FRANCS						
Republic of Finland(a)†	300	7¼	101	1999	-	UBS
D-MARKS						
CSFB Fin.BV Neth.(g)†	200	8	101⅞	1997	-	CSFB Effectenbank
PESETAS						
EIB(f)‡†	10bn	(f)	100.10	1997	0.30/0.10	Banco Bilbao Vizcaya

† Final terms. ‡ Floating rate note. a) Non-callable b) Coupon pays 1/16 below 6 month Libor. Minimum coupon 5%, maximum 8¾%. c) Tranche A of $220m issue. Callable at par on or after 29/9/2002. d) Tranche B of $220m issue. Callable at par on or after 18/3/2001. e) Borrowers full name State Electricity Commission of Victoria. Non-callable. f) Coupon pays 6 month Libor less 0.625%. g) Amount increased from DM150m.

AMP arm refinances debt

By Norma Cohen, Investments Correspondent

AMP Asset Management, the fund management arm of AMP, the Australian insurer has refinanced its short-term debt through a £290m syndicated loan, one of the largest such loans this year.

The deal, arranged solely by Fuji Bank, will refinance equivalent borrowings raised in 1989 to buy Pearl Assurance, the UK insurer. The borrowings are on behalf of AMP UK.

The transaction consists of a £140m revolving credit facility and a £150m 364-day commercial paper facility. It is priced to yield 20 basis points over London interbank offered rates (Libor) and there is a 10 basis point annual commitment fee.

AMP will issue up to £300m of sterling commercial paper using the loan as a backstop credit facility and the securities are expected to carry credit ratings of A1-plus/P1. NatWest Capital Markets will act as lead dealer.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on September 9

U.S. DOLLAR STRAIGHTS — OTHER STRAIGHTS — DEUTSCHE MARK STRAIGHTS — FLOATING RATE NOTES — SWISS FRANC STRAIGHTS — CONVERTIBLE BONDS — YEN STRAIGHTS [illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	71	4
Other Fixed Interest	2	9	4
Commercial, Industrial	142	409	870
Financial & Property	80	221	498
Oil & Gas	14	18	53
Plantations	0	1	8
Mines	22	39	87
Others	41	47	27
Totals	301	815	1,551

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	99	90	Birkby	90		15.25	-	7.8	-
100	F.P.	-	101	100	Broadgate Inv Trust	101		-	-	-	-
-	F.P.	-	11	7	Dartmoor Warrants	10		-	-	-	-
-	F.P.	-	32	19	Dwyer A	19		-	-	-	-
-	F.P.	-	91	81	European Smaller Co's	81		-	-	-	-
-	F.P.	-	23	21	Do. Warrants	21	-1	-	-	-	-
-	F.P.	-	150	145	Finsbury Smlr Co's Zero Pf	148½		-	-	-	-
§	F.P.	-	38	36	Jupiter Euro. Zero Div. Pf.	38	+½	-	-	-	-
100	F.P.	-	103	97	Kl'wort Endowment Policy	97	-1	-	-	-	-
§	F.P.	-	495	493	SHIRESCOT	493	-2	-	-	-	-
■	F.P.	-	1700	1700	TR Technology Units	1700		30.15	-	2.4	-
325	F.P.	-	298	274	Telegraph	283		N10.0	2.2	4.7	11.2
-	F.P.	-	14	12	Throg 1000 Smlr Co's Wts	12	-1	-	-	-	-
-	F.P.	-	16	12½	Yorkshire TV Warrants	13		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	110p	106½p	Fulcrum Inv Tst Zero Div Pf	106½p	-¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
10	Nil	7/10	7pm	6pm	♦Malaya	6pm	
30	Nil	14/9	1½pm	¼pm	Novo	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of capitalisation. † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ■ Units comprising 4 Ords. and 7 Zero Div. Prefs. and 4 Stepped Pref shares. ‡ Units comprising 5 Ords. and 1 Warrant.

LIFFE EQUITY OPTIONS

[illegible]

TRADITIONAL OPTIONS

- First Dealings — Sept. 1
- Last Dealings — Sept. 11
- Last Declarations — Nov. 26
- For settlement — Dec. 7

3-month call rate indications are also shown on this page.

Calls in **Airtours, Allied Leisure, First Natl. Fin., Gestetner, Hartstone, King & Shaxson, Mining & Allied Supplies, Pentos, Spring Ram** and **Tiphook**. Puts in **Kalon, MTM** and **TI Group**.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p								
Allied-Lyons	43	Charter Cons.	40	Ladbroke	17	Sears	7	■ OILS	
Amstrad	4	Comm Union	42	Legal & Gen	27	SmKl Bchm A	34	Aviva Pet	12
Astec (BSR)	3	Courtaulds	33	Lex Service	18	TI	50	BP	16
BAT Inds	54	Eurotunnel	32	Lloyds Bank	31	TSB	11	Burmah Castrol	39
BOC	49	FKI	8	Lonhro	9	Tesco	17	Conroy Pet	6
BTR	32	FNFC	6	Lucas Inds	10	Thorn EMI	51	Gaelic Res	½
Barclays	24	Forte	17	Marks Spencer	22	T & N	11½	Premier Cons	2½
Blue Circle	18	GKN	31	Midland Bank	30	Unilever	70	Shell	33
Boots	34	Gen Accident	38	NatWest Bank	22	Vickers	12	Tuskar Res	½
Bowater	58	GEC	17	P & O Dfd	33	Wellcome	70	■ MINES	
Brit Aerospace	30	Glaxo	55	Racal Elect	6	■ PROPERTY		RTZ	39
British Steel	6	Grand Met	29	RHM	14	Brit Land	17		
BT	25	GRE	13	Rank Org	42	Land Sec.	32		
Cadburys	32	Hanson	15	Ratners	2½	MEPC	24		
		ICI	78	Reed Intl	41				

Losses from general insurance sharply reduced to £14m

Investment gain helps Pru to £249m

By Richard Lapper

REDUCED general insurance losses and a bumper realised investment gain, boosted the half-year result at Prudential Corporation, the insurance and financial services group.

Pre-tax profits of £249m represented a 46 per cent increase on the £170m achieved in the same period last year and were only £18m short of the 1991 full-year profits.

Earnings per share advanced from 5.4p to 9.6p and the interim dividend is increased to 4.1p (3.8p)

Overall losses from general insurance business fell from £54m to £14m, reflecting premium increases and cost reductions.

In March the group announced that it was withdrawing from commercial insurance business generated by brokers.

Mr Mick Newmarch, chief executive, said staff numbers at Pru's broker division had been cut from 1,150 to 450.

Profits from realised investment gains amounted to £52m (£1m).

Mr Michael Lawrence, finance director, said a substantial chunk of the gain was due to a decision to sell UK and US equities – many of which had been acquired many years ago – and buy D-Mark bonds with the proceeds. In addition the group had reduced its exposure to US and Canadian dollars by £200m.

Overall profits from investment management operations, unit trusts and personal equity plans, investment income and investment gains rose to £64m (£34m).

Profits from the core long-term life insurance business rose to £199m (£190m), although gross life premium income was static at £3.4bn.

New annual premiums in the UK rose by 6 per cent to £172m, while single premiums increased 56 per cent to £1.06bn.

UK life insurance profits amounted to £138m. The figure includes a provision for the potential impact of any reductions in bonus which might be necessary next March. Prudential reduced the bonus rates on its with-profit policies last March by 7 per cent (for ten-year policies) and 5 per cent (for 25-year policies).

Mr Newmarch said that "with interest rates falling it is reasonable to expect that bonuses will be reduced."

In the US, profits from Jackson National amounted to $44m (£22.1m). The fall of $4m was attributed to low interest rates and difficult market conditions.

The main blackspot was a disappointing performance by Prudential's reinsurance subsidiary, Mercantile and General.

Pre-tax losses by M&G's general reinsurance business leaped from £2m to £25m. Life reinsurance profits of £32m (£24m) partially offset the deficit.

● COMMENT

Even without the realised investment gain which boosted interim profits by £51m, the steady growth in pre-tax profits from life and general insurance operations indicate that the company is coming to grips with the problems that have undermined its performance in recent years. Following the sale in 1990 of its estate agencies and the withdrawal from broker generated commercial risks business in March this year, Prudential's main problem is the sluggish performance of its reinsurance subsidiary. Although claims from catastrophes could be a problem, the company is on course to produce profits of at least £450m in 1992, giving it ample scope to increase its dividend at a rate above the market average. On yesterday's closing price of 236p, and assuming the rate of dividend increase is sustained for the full year, the share is on a yield of 6.8. That is above the average for the sector and indicates that Prudential could begin to climb towards the ceiling of its current trading range.

Further provisions lead to £20m loss at MTM

By Richard Gourley

MTM, the fine chemicals company that has suffered a collapse in its share price this year, yesterday reported a £28m interim loss that included further provisions to cover reductions in net asset values.

The results followed the removal late on Tuesday of Binder Hamlyn, the company's auditors throughout a sorry period that has seen the departure of Mr Richard Lines, the founder chairman, and the collapse of the shares from a high of 289p in February to 33p yesterday.

Price Waterhouse has been appointed as the new auditors.

The new provisions of £18.1m include a £10m reduction in the value of MTM's assets in addition to downward revaluation already included in MTM's delayed 1991 accounts.

As a result the group's net assets are reduced to £15m against net debt currently standing at £100.6m.

Mr Ken Schofield, the chief executive brought in to replace Mr Lines, said he hoped to have generated about £20m of cash through disposals before the year-end but that this would still leave the need for substantial injection of new capital.

The £28m pre-tax loss was struck on sales of £56.5m. Losses per share were 31.4p and there will be neither an interim nor a final dividend.

The company said comparison with last year's first half would be misleading because reported profits for that period had been materially overstated.

Mr Schofield, who helped turn round Hickson International, said yesterday that he was more used to simply running chemical companies and that he had "never been in this sort of fairy land before".

He had identified two core businesses in fine and performance chemicals supported by research, and the group would trim away about half its 18 productive sites.

"This year had been hit dramatically worse than I expected," Mr Lines said, referring to the inflated values of assets in the books.

There was however, considerable scope for simple improvements in operating efficiency and increasing capacity utilisation that would sharply improve profitability, he added.

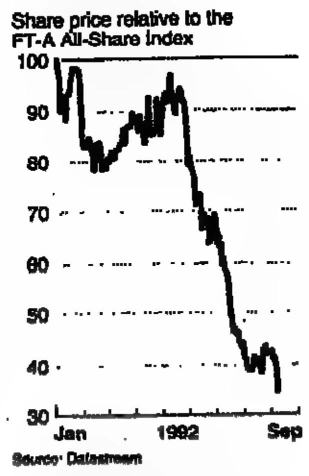
● COMMENT

Institutions which have watched MTM's share price plunge this year may find it mildly cheering that their company was so badly run by the previous management that it now represents a potentially very interesting recovery situation. They may need every ounce of phlegm in the next few months; if a slimmed down MTM with half the number of production sites is to emerge from gearing of more than 500 per cent, investors may have to provide £35-40m in a 1-for-1 rights issue or worse. Should they decide to throw in the towel, however, it would be a shame. With only a little additional productive capital expenditure, greater efforts to increase load factors and some more focused operational management, MTM could turn around quite quickly. Investors can also now be certain that with the arrival of Price Waterhouse as auditors, the old axis of former management, former advisers and former auditors has finally been broken and *there really should be no more* surprises like this period's further increase in asset revaluations.

Taylor Woodrow £16m loss prompts dividend cut to 0.5p

By Andrew Taylor, Construction Correspondent

Taylor Woodrow



Source: Datastream

TAYLOR WOODROW yesterday became the second large UK construction company within 24 hours to announce an interim dividend cut after incurring a first-half pre-tax loss.

It is reducing its payment from 1.86p to 0.5p following a loss of £16m in the six months ended June 30. That compared with a profit of £25.3m at the same stage last year.

Turnover fell by almost a quarter from £759.3m to £579.8m. The loss was arrived at after a £21m provision to cover falling housing and commercial property prices.

Losses per share were 3.5p, against earnings of 4.9p.

Mr Colin Parsons, chairman, blamed the loss on "the severity of the deep and prolonged recession in the UK construction, housing and property businesses."

He added that there was "little reason for optimism about prospects in the UK economy for the second half of 1992."

The group planned to achieve a £20m reduction in overheads by 1993 through cutting costs across all operations.

The company published its results a day after Wimpey, Britain's second largest housebuilder, announced that it had ran up a £7.2m first half loss and was halving its interim dividend to 2p.

Taylor Woodrow's share price, which had fallen by two thirds since it peaked at 143p in May, dropped a further 19 per cent to 35p yesterday.

Most of its businesses remained under pressure in the first half with no sign of any slackening in the recession in the UK residential and commercial property markets. More than £17m of provisions were against housebuilding.

Commercial property profits, said Mr Parsons, were depressed by an absence of disposals, which had earned the company £18m last year.

It did not provide a breakdown of divisional profits but stockbrokers estimated that it had made about £8m from property in 1992. This was helped by a 15 per cent net increase in rents following reviews and letting of completed buildings.

Contracting was thought to have incurred a loss of some £10m after provisions on overseas operations, mostly against claims for work on the Euro Disney development in Paris. UK contracting, which broke even, had seen a sharp drop in turnover as demand for domestic construction fell.

Housing profits were understood to have been no more than £1m, despite an increase of worldwide sales from 724 to 819 units. The UK, where the bulk of the sales increase was thought to have come, operated at a small loss as margins continued to come under pressure.

North American housing profits, which were underpinned by a solid performance from Monarch in Canada, were thought to have been in the region of £1.5m to £2m.

Net debt at June 30 of £167m was £12m higher than at the year end when the group reported gearing of 23 per cent. Borrowings since the half year, however, were understood to have risen to approaching £200m.

● COMMENT

In the middle of a tempest all you can do is batten down the hatches and try to ride out the storm. To save the vessel, it may be necessary to jettison anything that is not essential for the rest of the voyage. That is the position many of Britain's construction companies find themselves in at the moment, battered by the worst recession to hit the industry for half a century. Taylor Woodrow is working hard to reduce overheads and preserve cash for which it deserves credit. The problem is to identify where earnings growth is to come from once the recession ends. Housing and commercial property markets, post recovery, are likely to remain dull in low inflation economy. For this year losses could be about £10m, or higher if further provisions are needed to counter falling UK house prices.

Organic growth lifts Avonmore to I£9.63m

Avonmore Foods, the Kilkenny-based dairy foods company, reported profits of I£9.63m (£9.14m) pre-tax for the half-year to July 4 1992.

The increase from the comparable I£6.62m was achieved on turnover of I£335m (I£293.5m).

Mr John Duggan, chairman, said the increases "in difficult markets" reflected organic growth in the company's international division and "significant developments" in its meat division.

The pre-tax line also benefited from a reduced interest charge following the I£31.8m raised in an open offer last November.

Earnings per share emerged at 4.74p (4.3p) and the interim dividend per "A" share goes up from 1.35p to 1.45p.

Exceptionals cut Invesco MIM to £0.93m

By Norma Cohen, Investments Correspondent

INVESCO MIM, the UK-based fund management company, yesterday reported sharply lower pre-tax profits of £926,000 after exceptional charges for the six months to June 30 and cut the interim dividend to 1p.

Last year's profits were restated at £11.5m when an interim dividend of 2.3p was paid.

The £13.8m in exceptional charges include a £9m write-off associated with the troubled Drayton Consolidated Trust *which is managed by Invesco* MIM, and a further £2.6m in management and reorganisation costs.

The company also took a £2.2m charge for costs incurred in drawing up plans to spin off its profitable US operations earlier this year.

Mr Charles Brady, the new chief executive who replaced *Lord Stevens in July, said that* he believed that further exceptional charges were unlikely.

He said his main priority would be to establish the company's credibility. Mr Brady said that pressure from directors of Invesco's highly profitable US operations had been among the factors prompting Lord Stevens' departure.

The US directors are holders of a $60m convertible loan note which matures in 1998 and has a conversion price of 105p. Yesterday, Invesco's shares closed at 55p.

As part of that housecleaning, Invesco will be selling off its own investment book, much of which includes stakes in companies in which Lord Stevens was also a director. The cost of those disposals is included in the £2.6m charge for management and reorganisation costs. That charge also included legal fees incurred in *the defence against a writ filed* in connection with its management of part of Mirror Group Newspapers' pension funds.

Mr Brady said that among his priorities will be winning new pension fund accounts for the company's UK operations.

Funds under management have fallen since the year end from £9.1bn to £8.4bn, reflecting poor investment performance and adverse publicity attracted by Lord Stevens, much of it in connection with his relationship with the late Mr Robert Maxwell. US funds *under management* meanwhile have grown from $41.6bn to $44.1bn over the same period.

"Our investment performance here has not been satisfactory," he said. With the problems of Drayton out of the way, fund managers should be able to concentrate on improving investment performance, he said.

● COMMENT

Whether or not Invesco's shares look attractive depends on whether Mr Brady can clean house effectively and bring back institutional clients. The £9m charge for Drayton may not be the last and there is considerable uncertainty about what other expensive skeletons may be lurking in the company's closet. Meanwhile, several of Invesco's existing pension fund clients *are those of companies* for which Lord Stevens is a director. These may soon depart the Invesco stable as well. However, Mr Brady has run the US operations effectively and if that performance can be replicated, the shares, on a yield of almost 8 per cent, could be a speculative buy.

Harmony board faces challenge

The executive directors of Harmony Leisure Group, including the founder Mr Stanley Lever, a former director of Forte, face a challenge from an alternative management quartet.

The four, who own no shares in the loss-making USM-quoted company which runs restaurants and public houses, have written to shareholders suggesting that they call for an extraordinary meeting to remove Harmony's executive directors.

The challengers include Mr Andrew Martyr, who says he has 20 years' experience in hotel and leisure operations management, and Mr Simon Lynch, formerly with Grand Metropolitan.

By coincidence, Harmony's non-executive chairman Sir Stanley Grinstead is a former chairman of GrandMet.

Heron bondholders to receive interest

Holders of Heron International's bonds are to receive interest covering the period from December 1991 to June 26 this year.

The total amount involved is about £15m, of which half will come from escrow accounts into which the group paid interest accruing between March 26 and June 26.

Heron, Mr Gerald Ronson's private property, housebuilding and automotive group, which is in the middle of a financial restructuring, had suspended interest payments on all its bank debt and bonds.

The group said that the restructuring was progressing and was still expected to be completed in the autumn.

BAe to sell satellite and telecom services arms

By Daniel Green

BRITISH AEROSPACE is planning to abandon its remaining interests in satellites with the sale of its communications services division as well as its satellite-making business.

It has offered both businesses for sale as a package and Matra Marconi Space, the Anglo-French joint venture 51 per cent owned by Matra and 49 per cent by GEC, wants to buy them.

If successful, it would dispose of the services side to a third party, said Mr Claude Goumy, chairman, yesterday.

Matra Marconi Space has been in talks with BAe for almost a year over the sale of the satellite manufacturing side. But last month the fate of the division was thrown into doubt when Deutche Aerospace said it was also interested.

The BAe board is likely to indicate the fate of both businesses when it publishes its interim results on September 23.

Turnover of the space and communications services operations was £121m in 1990, the last time the figure was separated in the company's accounts. *Sales two years earlier were £136m.*

The communications services division has not previously been acknowledged as being for sale.

It includes Bishopsgate Systems, which operates private telecommunications and has clients in the City of London, Starbird Satellite Services, which provides television news gathering via satellite, and Satellite Management International which provides equipment and expertise for ground to satellite links.

BAe said yesterday that these areas had been identified as "non-core businesses".

BAe's satellite manufacturing side has seen orders dry up in the past two years. In June it halved the 1,200 workforce at its Space Systems plant in Stevenage in a move interpreted by senior executives in the space industry as a slimming exercise before disposal.

It is a victim of increasing competition on the world stage as more contracts go to open international tender.

European manufacturers have reacted to the increased competition by forming two camps in an attempt to cut costs and compete with the market leader, Hughes Aircraft of the US.

Dasa is allied with Aerospatiale and Alcatel of France and Alenia of Italy. This group also has 49 per cent of a US company Space Systems/Loral, with the US company Loral, holding the other 51 per cent.

The second group is the GEC-Matra joint venture Matra-Marconi, which has ties with ANT, the space arm of Bosch of Germany.

Pension scheme gain helps Sherwood treble

By Paul Taylor

SHERWOOD Computer Services reported a 26 per cent gain in operating profits, from £974,000 to £1.23m, in the six months to June 30.

However, a £522,000 exceptional credit from the reorganisation of the pension scheme, against a charge of £280,000 relating to difficulties in the Lloyd's insurance market, together with sharply lower interest charges of £4,000 (£119,000), enabled the group to more than treble pre-tax profit to £1.75m (£575,000).

Turnover fell to £10.7m (£12.1m), mainly reflecting the transfer of the disaster recovery business into a joint venture with ICL in April 1991.

The joint venture contributed £132,000 to operating profits.

Fully diluted earnings per share grew to 16.7p (6.6p); the interim dividend is 1.75p (1.5p).

Mr Richard Guy, chief executive, said the results reflected "the high levels of new orders being achieved," particularly in the Lloyd's insurance market for the Sceptre underwriting system. Among these the group announced a new order, worth more than £1m, from Lloyd Roberts & Gilkes.

The group also serves the retail financial service, local government and housing association markets with specialist systems. Mr Guy said all market sectors made a positive contribution to the results.

Consortium acquires MCC's Panini offshoot

By Raymond Snoddy

PRICE Waterhouse, administrator of Maxwell Communication Corporation, yesterday sold another slice of the empire – Panini, the Italian childrens' stickers company.

MC Italia, holding company of Panini, which Mr Robert Maxwell tried unsuccessfully *to sell in his lifetime*, has been sold to a consortium of investors led by Bain Gallo Cuneo Capital Investments.

The purchase price was not disclosed.

The sale follows the announcement on Monday that Price Waterhouse had sold *MCC's 75 per cent stake in* Nimbus Records, the compact disc manufacturer and record label.

Mr Jonathan Phillips, one of the joint administrators, said yesterday that the sale represented a very satisfactory outcome for MCC's creditors.

After the sale of the Nimbus stake the disposal of MCC's non-US business assets was largely complete.

The Panini deal was conducted through an international auction.

It was the first MCC disposal to require the approval of the US Bankruptcy Court.

Panini, which produces football stickers, is based in *Modena.*

Platignum buys

Platignum, the maker of writing instruments, stationery and furniture, has acquired the business of the Coffee Connections Company, a distributor of imported houseware products. Platignum is buying the stock at cost up to a maximum initial consideration of £225,000.

Wilson (Connolly) falls £5m in depressed market

By Paul Taylor

WILSON (CONNOLLY) Holdings, the Northampton-based builder, saw pre-tax profits drop from £13.8m to £8.77m in the first half of 1992. The interim dividend is held at 1.27p.

Turnover dipped from £99.9m to £97.2m. House sales were slightly lower. Wilson said it sold 1,250 houses at a net margin of 11 per cent in the first-half compared to 1,300 homes in the 1991 period.

Mr Lynn Wilson, chairman, said that "house prices have continued to fall with a consequential effect on profits," and it was difficult to see any recovery in the housing market.

However, he added that, "by careful management of our resources and the proceeds of our share placing, we are currently cash positive and interest payments during the period were 14 times covered by pre-tax profits."

The company said that its property side continued to trade profitably while its construction company "continued to perform creditably in a most difficult and competitive market."

Earnings per share fell to 3.2p (5.1p), but the unchanged dividend remains covered 2.5 times.

Celestion goes back in the black

Celestion Industries, a maker of clothes and electronic consumer goods, which supplies *Marks and Spencer, has* returned to the black with a pre-tax profit of £34,000 for the first half of 1992 compared with a loss of £771,000. The loss for the whole of last year was £1.06m.

The company announced the acquisition of Vaga, which also supplies Marks and Spencer, for £2.04m.

Thorn EMI directors top the pay league

By Andrew Jack

THE DIRECTORS of Thorn EMI, the electrical and entertainment group, have paid themselves on average more than the board of any other quoted company reporting during the past year, according to the latest issue of the Performance Rankings Guide issued yesterday.

Average remuneration for directors earning more than £20,000 in the company was £850,000 for the year to March 31 1992.

Next highest was the board of Tiphook, the freight container and trailer leasing group, which awarded the average director £616,000 in its most recent financial year, followed by Lonrho, the international conglomerate, which paid an average £597,000.

The figures come from a quarterly guide published by Hemmington Scott, the corporate information supplier, which analyses dozens of trends revealed in the most recent annual reports released by 1,802 UK-quoted companies.

Lonrho has the largest differential between the average amount it pays its directors and that paid to its employees. The difference is 165 times, with the average director receiving £597,000 and the average employee £3,630, explained in part by Lonrho's large African operations.

It also has the highest paid director, Mr "Tiny" Rowland, at £1.6m in the year to September 30 1991. Five other directors received more than £1m a *year in their most recent reports:* at Hanson, SmithKline Beecham, Tesco, Glaxo and BOC.

However, the greatest absolute increase in salary of a director was Mr Mike Hennessy of Kalon, the paint maker. His remuneration rose by £618,000 to £784,000 in the year to December 31 last year, thanks to a performance-related bonus.

The highest average pay for employees was £70,100 at Candover, the investment trust. It was lowest at Inch Kenneth Kajang, which grows oil palms in Malaysia, at £150 a year.

Sterling Trust, the USM-quoted financial services company, covered its liabilities by assets by the highest ratio, at 28.3 times, while the lowest was Jermyn Investment, the shares and property investor, at 0.04.

Jupiter Tyndall, the fund management group, had the greatest liquidity – measured by the proportion of capital employed in cash and current asset investments – while Erskine House, the office equipment services company, had the highest gearing – or ratio of debt to equity – at 17,531 per cent.

The largest growth in earnings per share over the past five years was at Vodafone, the mobile telephone company, at an average of 291 per cent a year.

A separate publication also released yesterday by Hemmington Scott, called the Company Guide, shows that 52 companies have been removed from a Stock Exchange quotation during the four months period from April to June, and 11 new ones joined. Ten quoted companies were acquired during the quarter, and 22 changed their names.

Among professional advisers, Cazenove and Rowe & Pitman are the stockbrokers which have both the most quoted clients by number and those making the most profit. Rowe & Pitman and de Zoete & Bevan have the clients with fastest growth in pre-tax profits and earnings per share (which meant the smallest decline for the period).

For solicitors, Slaughter & May and Linklaters & Paines have most quoted clients and those making most profit. Slaughter & May and McKenna have both the fastest earnings and profits growth.

Among financial advisers, SG Warburg has the largest number and the most profitable clients, followed by Lazard Brothers and Schroders respectively. Robert Fleming and Barings have those with fastest earnings and profits growth.

For auditors, Coopers & Lybrand has clients making the most profit. KPMG Peat Marwick has the most stock market clients by number, and Ernst & Young the clients with fastest pre-tax profits growth.

However, Robson Rhodes – which is only the 14th largest firm by fee income – had the quoted clients with fastest earnings growth.

Hambro Company Guide. £99 per year. Performance Rankings Guide. £135 per year. Hemmington Scott, City Innovation Centre, 26-31 Whiskin St, London EC1R 0BP.

BOARD MEETINGS

TODAY

Interims- Amec, STR, Beattie (James), Blue Circle, British Mohair, Bunzl, Cadbury Schweppes, Coats Viyella, Commercial Bank of London, Emess, Enterprise Oil, Erith, Ferrum, Gowrings, Hall Engineering, LWT, Laing (John), Lloyds Smaller Cos Inv, London Forfaiting, Matthews (Bernard), Ocean, PCT, Parambe, Pendragon, Porvair, RTZ, Rathbone Brothers, Reece, Royal Dutch Petroleum, Sema, Severfield-Reeve, Shell Transport, TLS Range.

Finals- BZW Convertible Inv Trust, Glaxo, Birdar, Wills.

FUTURE DATES

Interims-	
APV	Sep. 17
Appleyard	Sep 24
Bentalls	Sep. 17
Bluebird Toys	Sep 17
Breedon	Sep 18
Business Technology	Sep. 18
CI	Sep. 18
Canning (Wm)	Sep. 17
Chester Waterworks	Sep. 21
Comae	Sep. 22
Costain	Sep 23
Dartmoor Inv Trust	Sep 16
Davis Service	Sep 17
Delta	Sep 15
EW Fact	Sep 30
Eurotunnel	Oct. 5
French Property Trust	Sep. 17
Gleeson (MJ)	Oct. 15
Headlam	Sep 23
ISA	Sep. 23
JIB	Sep 11
Laporte	Sep. 17
Liberty	Sep 18
Linton Park	Sep. 15
Finals-	
Alumasc	Sep. 16
Community Hospitals	Sep. 16
ECU Trust	Sep 24
Fortnum & Mason	Sep. 25
Lambert Howarth	Sep. 24
MAI	Sep. 21
Osprey Comms	Sep 15

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Albany Inv Tst ....int	1.25	Oct 10	1.25	-	3.9
AB Ports ....int	3.25	Nov 4	3.1	-	8
Avonmore Foods A ..int	1.45♣	Oct 24	1.35	-	3
Avonside ....int	1.8	Nov 27	-	-	-
Boddington ....int	2.6	Nov 9	2.35	-	6.6
British-Borneo ....int	2.667	Oct 23	2.667	-	7.1
British Dredging........int	2.6	Dec 14	2.6	-	7.4
Burnfield ....int	1.65†	Oct 22	1.65	-	5.75
Caird ....int	1.33	Jan 1	1.33	-	2.7
English China ....int	6.6	Dec 12	6.6	-	20
Evans Halshaw ....int	3.6	Oct 16	3.6	-	11.25
Great Southern §......int	3.6	Nov 3	3.3	-	10
Haden Maclellan ......int	1	Nov 2	3	-	8
Hillsdown ....int	2.2†	Dec 31	2.2	-	8.8
Invesco MIM ....int	1	Oct 22	2.3	-‡	6
K'wort Smaller ....int	2	Oct 30	2	-	4.6
MTM ....int	nil	-	1.87	-	1.87
NFC ....int	1.55	Dec 7	1.5	-	6.25
Nurdin & Peacock ....int	1.96	Oct 26	1.96	-	5.56
P&O ....int	13.5†	Nov 4	13.5	-	30.5
Portals ....int	5	Dec 31	5	-	13.8
Prudential ....int	4.1	Nov 26	3.8	-	11
Sherwood Comp ......int	1.75	Nov 3	1.5	-	6
Stat-Plus ....int	3.56	Oct 30	3.125	-	7.125
Taylor Woodrow ......int	0.5	Oct 7	1.86	-	9.5
Wilson Connolly ......int	1.27†	Oct 21	1.27	-	3.93

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡Final of not less than 2p forecast. ♣Irish pence.

PUBLIC WORKS LOAN BOARD RATES
Effective September 8

Years	Quota loans* EMP†	AM‡	at maturity§
1			10¼
Over 1 up to 2	10¼	10¼	10¼
Over 2 up to 3	10¼	10¼	10¼
Over 3 up to 4	10¼	10¼	10⅛
Over 4 up to 5	10⅛	10⅛	10⅛
Over 5 up to 6	10⅛	10⅛	10⅛
Over 6 up to 7	10⅛	10⅛	10⅛
Over 7 up to 8	10⅛	10⅛	10⅛
Over 8 up to 9	10⅛	10⅛	10¼
Over 9 up to 10	10⅛	10¼	10¼
Over 10 up to 15	10¼	10⅜	10¼
Over 15 up to 25	10⅜	10¼	10⅛
Over 25	10⅛	10⅛	10

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. ‡Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). §With half-yearly payments of interest only

COMPANY NEWS: UK

Severance pay costs £2m and property development loses £1.6m

Provisions halve ABP to £15m

By Angus Foster

ASSOCIATED BRITISH Ports, the UK's largest ports group, yesterday announced interim profits down by a half after provisions of £10m for property developments and £2m in severance payments.

Pre-tax profits fell from £31.7m to £15.1m in the six months to June 30. The dividend, however, is raised 5 per cent to 3.25p (3.1p). Sir Keith Stuart, chairman, said this reflected the group's underlying strength.

Turnover fell to £108m (£197m) due to a dive to £1.8m (£94m) in the value of property development disposals.

Trading profit for ports and transport fell to £35.6m (£39.3m), reflecting severance costs and lower margins caused by reduced volumes of vehicles and construction materials. Overall tonnage handled at the company's 22 ports increased by 3 per cent to 53m tonnes.

The company said revenues from July and August suggested that the division's second-half results would be worse.

Property investment, which includes 6,000 acres of land within ports, lifted trading profits from £10.1m to £11.2m, helped by rising rentals.

But property development recorded a loss of £1.6m (£4.8m profit).

There were no significant sales during the period and development properties held for sale are only 31 per cent occupied.

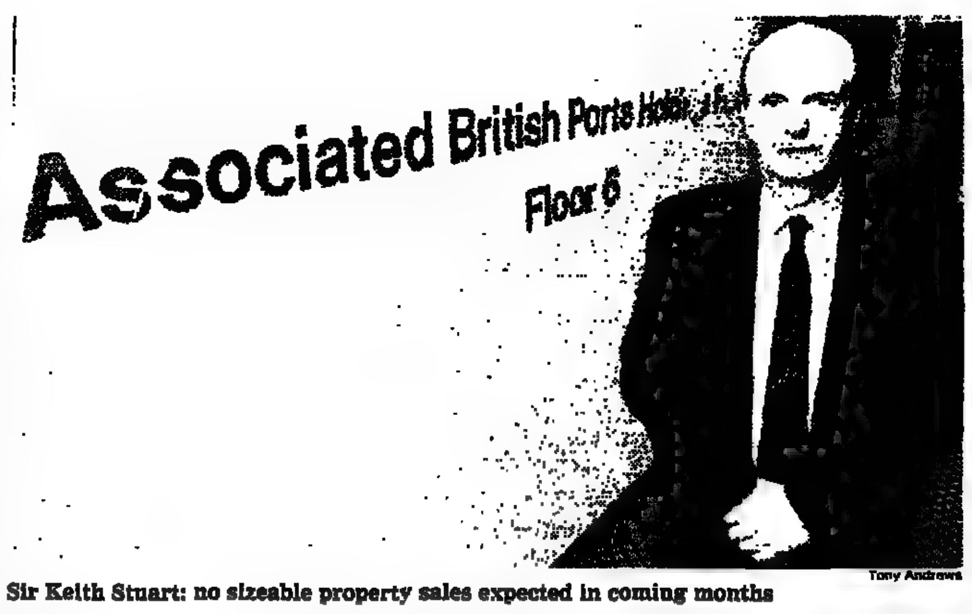
Development properties' book value within Grosvenor Square Properties, ABP's property arm, fell to £134m following the £10m provision.

Sir Keith said it was too early to tell if further provisions were needed. No sizeable sale was expected "in the next few months."

Interest charges declined to £20.8m (£27.6m) as average borrowings fell, although net borrowings at the period-end stood at £348m (£344m). Shareholders' funds increased to £617m (£609m).

Gearing increased by 1 percentage point from the year-end figure to 56 per cent. Including off balance sheet borrowings of £14m (£26m), gearing was unchanged at 59 per cent.

Earnings fell to 5.7p (12p), leaving the dividend covered 1.75 times (3.9 times).



Sir Keith Stuart: no sizeable property sales expected in coming months
Tony Andrews

● COMMENT

Given its development property problems, ABP could have done without yesterday's gloomy comments on the second half for its port and transport arm. Although the division was never expected to be immune from recession, news that things are getting worse rather than holding even knocked the shares down 16p to 224p, against a high for the year of 440p. Although ABP's long-term quality is not in doubt, the company is in a holding situation. Neither its high borrowings nor interest costs can come down without significant property sales, which look unlikely in the current market. The company's reticence to discuss further property provisions or port volume details worries supporters in the City, who at present equate reticence with possibly bad news ahead. Full-year forecasts of £36m, assuming slightly lower second half provisions, put the shares on 17 times. Until some of these factors are resolved, the shares are likely to remain becalmed.

Losses from problem Ford dealer take toll on Evans Halshaw

By Jane Fuller

LOSSES OF about £400,000 at a Ford dealership which broke head office rules proved the main dent in Evans Halshaw's first-half results.

Pre-tax profit for the six months to June 30 fell 19 per cent to £1.51m (£1.87m) on turnover of £169.2m (£173.1m).

Mr Geoffrey Dale, chairman, said the problem dealership, where local staff had carried out unauthorised trading, was being closed. It had never made much money.

Against a background of disappointing August new car sales, Mr Dale reported softness in used car prices and unwelcome evidence that consumers were deferring car body repairs and servicing.

The shares fell 33p to 201p.

Gloom about the short-term outlook for the motor trade was tempered by a positive view of the group's longer-term prospects. It was continuing to invest in new projects, notably multi-franchise sites offering new and used cars from a variety of manufacturers.

The group is spending £5m on two of these complexes in the Birmingham area, one of which will bring together volume cars from Vauxhall, Rover, Mazda and Toyota.

Rover also gained Mr Dale's approval as "one of the more enlightened manufacturers" for its new pricing and stocking policies. Although the reduced list prices would cut dealer margins and the scope for discounting, the changes on stocks held, funding and stocking would help to reduce costs.

Evans held its new car sales in the first half and added 17 per cent in August when the national increase was less than 2 per cent. But profitability remained depressed in a highly competitive market.

Used car sales were 4 per cent down, rather better than the market contraction of 9 per cent. "Over the last six to eight weeks there has been a decline in used car values."

He criticised manufacturers for selling direct to large customers at a big discount. A few months later these vehicles were coming back on to the used car market and causing a glut.

Although contributions from servicing and repairs were in line with last year, "people are fighting shy of having dents repaired" and tending to "keep driving until the car breaks down".

The Ford operation was under the most pressure in terms of profitability on used cars and repairs and servicing, although it was holding up better on new cars.

Earnings per share fell to 4.6p (5.6p). The interim dividend stays at 3.6p.

Guardian jumps to over £19m

By Raymond Snoddy

The Guardian and Manchester Evening News group increased pre-tax profits by 25 per cent in the year ended March 28 1992, despite effects of recession.

The profit was £19.2m (£15.3m) and came from turnover of £184.8m (£190.8m).

Mr Harry Roche, chairman, attributed the improved profit to a reduction in the cost base. Apart from publishing The Guardian and the Manchester Evening News, the group is involved in local and specialist consumer publications and in commercial television.

Mr Roche said the group was well placed to maintain the profit performance and also to expand its activities."

Waterford workers reject plan

By Tim Coone in Dublin

THE MANAGEMENT of Waterford Crystal, the Irish crystal division of Waterford Wedgwood, may have to add sweeteners to its latest rationalisation plan or face industrial action and possible closure.

This follows rejection on Tuesday night by the workforce of the plan which calls for 500 voluntary redundancies from the 1,900 employees by the end of the year.

An urgently-called round of talks between management and unions was yesterday adjourned after three hours to allow time for consideration of each side's position. The company said: "It is the first step of what will be a long and difficult negotiation. Both sides have agreed not to make any statements while negotiations are underway". Further talks are expected today.

Mr Paddy Galvin, chief executive of Waterford Crystal, announced the latest rationalisation plan three weeks ago. Besides the redundancies, the company is seeking across-the-board wage and piece-rate reductions, a pay freeze until February 1994 and an industrial peace agreement for a five-year period.

The crystal division had suffered losses totalling I£72m since 1986, and although an improvement was made during 1991, a deterioration occurred again this year – the company reported a doubling of pre-tax losses to I£6.4m for its 1992 first half. It also warned that rationalisation costs will again affect the full-year result.

The company had shed 400 of its workforce since a costly strike in 1990. A further 750 jobs went between 1987 and 1990. The new redundancy plan will result in the halving of the workforce from its 1987 level, but unions are concerned that further redundancies are planned, as imported stemware begins to displace products manufactured at Waterford.

Union leaders have said that industrial action to oppose the plan has not been ruled out, but Mr Galvin warned last month that the company's survival is at stake and that if costs cannot be reduced then Waterford faces closure.

Increased costs behind 20% shortfall at Nurdin

By Angus Foster

NURDIN & PEACOCK, the cash and carry wholesaler, yesterday reported a 20 per cent fall in interim profits mainly due to one-off items.

Pre-tax profits fell from £7.34m to £5.89m in the six months to June 28. This followed profits of £29.3m last year.

Turnover increased 8.8 per cent to £704.1m, in spite of what the company described as "exceptionally difficult" trading conditions.

Two new stores were opened during the period, in Manchester and Leeds, which lifted group sales. Further stores are due to open in Glasgow and Brighton before the year end.

Mr Richard Fulford, chairman, said the performance was "creditable" given conditions on the high street. The company, which is increasing sales of own-brand labels such as Happy Chef and has almost competed the introduction of laser scanning, intends to continue to concentrate on controlling costs.

The new store openings contributed to a sharp increase in the cost of sales to £693.5m (£636.4m), and reduced gross profits to £10.6m (£11m).

Rationalisation costs of £1.3m and losses on property disposals of £419,000 also depressed profits. Lower interest rates led to a fall in interest earnings to £1.1m (£1.39m). Rental income also fell slightly to £395,000 (£425,000).

Earnings slipped to 3.08p (3.87p) but the dividend is maintained at 1.96p.

NEWS DIGEST

Great Southern rises 10%

IN SPITE of lower mortality rates, Great Southern Group, the USM-traded funeral director, lifted pre-tax profits 10 per cent from £2.31m to £2.56m in the six months to June 30.

Turnover rose to £14.8m (£14.1m).

Mr James Smillie, chairman of the West Sussex-based company, said that both the retail funeral and crematoria and cemeteries operations suffered from the lower number of funerals, "particularly in London and other urban areas".

However, cost controls, lower interest charges – down from £859,000 to £654,000 – and an increased contribution from ancillary services, including the Chosen Heritage pre-arranged scheme, helped boost the pre-tax line.

Gearing at the period-end was 81 per cent, down from 102 per cent 12 months earlier and 96 per cent at the December. A number of acquisition projects were currently under consideration, Mr Smillie said.

The interim dividend is raised from 3.3p to 3.6p, payable from fully diluted earnings of 11.85p (10.7p).

Hunter Saphir ends disposal programme

Hunter Saphir, the fresh and speciality foods group, is to sell its Emile Tissot frozen meals offshoot to Cavaghan & Gray for about £3.75m cash.

The sale of the operation, which had net assets of £3m and achieved operating profits of £570,000 on turnover of £7.2m in the year to February 29, completes Hunter Saphir's £15.5m disposal programme.

Acquisition helps British Thornton

A strong contribution from Masterpack, acquired last October, helped British Thornton report pre-tax profits of £947,165 in the year to April 30 on sharply higher sales of £4.67m.

This contrasted with losses of £1.04m on sales of £730,000.

The manufacturer of educational and scientific furniture joined the market last October.

Directors said the company was involved in implementing an internal reconstruction aimed at a more efficient tax and commercial structure which would enable it to pay a special interim dividend, its first since 1985.

Earnings per share were 1.04p (losses of 14.14p).

Burnfield in the black with £1.1m

Burnfield, the industrial controls and measurement equipment group, turned in a pre-tax profit of £1.1m for the first half of 1992.

That compared with a loss of £281,000 after exceptional charges of £795,000 in 1991.

Despite the continuing recession, directors expected an increasing level of profitability in the second half. That was partly the result of normal seasonal patterns and partly benefit from reorganisation at Budenberg, a maker of pressure gauges and calibration equipment.

There would also be a first-time contribution from Malvern Instruments, a manufacturer of laser-based particle characterisation equipment which was purchased after the half year.

Turnover in the first half rose to £11.4m (£8.16m). Earnings per share were 3.9p (losses 1.3p) and the interim dividend is again 1.65p, but on increased capital.

North Sea Assets little changed

In rough trading conditions, North Sea Assets raised pre-tax profits from £826,000 to £890,000.

Sales of £10.1m for the six months to June 30 compared with £15m in the previous first half, which included £4.23m from the ships business, since sold.

Earnings per share were 1.75p (1.94p).

Dividend cut likely at Kleinwort Smaller

Kleinwort Smaller Companies Investment Trust had a net asset value of 100.8p per share at July 31.

The figure compared with 108.9p 12 months earlier and 113.7p at the trust's January year-end.

Net revenue for the six months to end-July amounted to £305,000 (£333,000), equivalent to earnings of 2.31p (2.52p) per share.

The interim dividend is held at 2p but directors said they did not expect to maintain last year's total of 4.6p. They hope to pay a final of at least 2p making 4p for the year.

Installation and a reduction in subscriber cancellation rates.

Decline of 24% at British Dredging

In reporting interim pre-tax profits 24 per cent lower, after exceptional charges, British Dredging said all companies except BDC Concrete Products were trading profitably.

From turnover of £16.2m (£16.1m) in the six months to June 30, profit fell from £759,000 to £578,000 after redundancy costs of £85,000.

The number of employees from existing operations had

been reduced by 11.5 per cent between January and July.

There were higher profits from Avonmouth Ship Repairers and from the 50 per cent associate British Dredging Aggregates. The two companies involved in the distribution of building materials suffered from reduced demand but achieved slightly higher margins.

Net interest income fell to £306,000 (£491,000), about half of which stemmed from the expenditure on two new investments.

Earnings per share worked through at 2.2p (2.88p) and the interim dividend is maintained at 2.6p.

Holmes Protection makes $1.47m

Holmes Protection, the London-quoted US security company, yesterday reported a return to profits in the first half of the year following its recent refinancing.

Pre-tax profits for the six months to June 30 were $1.47m (£730,000) on sales of $28.8m.

The company said the figures were not comparable with the same period last year because of changes of accounting policies and adjustments to the previous accounts that followed a change of management.

Earnings per share after the capital restructuring were 3.3 cents. As expected, there is no interim dividend.

Sir Ian MacGregor, chairman, said the group planned to take advantage of its stronger financial condition to acquire subscriber contracts.

The group was already benefiting from an increase in new

Avonside makes 'creditable' £2.8m

Avonside Group, the housebuilder floated by Cannon Street Investments in March, produced turnover of £25.9m and a pre-tax profit of £2.82m for the first half of 1992.

"A creditable achievement for a group almost wholly dependant on the housing market", said Mr Christopher Glynn, chairman.

The figures compared with a pro forma £24.5m and £3.41m respectively in 1991.

The housebuilding division sold 125 units (94), the increase reflecting a deliberate switch of emphasis to the relatively stronger market for lower priced units and starter homes.

Earnings per share were 4.37p (5.26p) and the interim dividend is 1.8p.

CSI floated 69 per cent of the capital at 106p per share; yesterday the shares were 74½p.

Sunleigh turnround to £11,000 profit

Substantial progress was made by Sunleigh, the leisure products group, in the half year to June 30. It turned round from a pre-tax loss of £1.33m to profit of £11,000.

Mr Robert Upsdell, chairman, pointed out, however, that market conditions at home and abroad showed no sign of improvement.

He said the restructuring and refocusing of Sunleigh as an active leisure group continued with the acquisition in April of a majority holding in Gaval Securities, which makes sailing dinghies and catamarans under the Laser and Dart trademarks.

The acquisition had also advanced the group's strategy to develop a more international business base, to the extent that some 40 per cent of group sales were expected to arise from overseas markets.

Turnover came to £6.97m (£5.34m). The profit was struck after a £51,000 charge arising from stock write-downs and compensation for loss of office to the former chairman.

British-Borneo surges to £6.61m

Against a background of "difficult trading conditions" British-Borneo Petroleum Syndicate, the oil and gas exploration company, reported profits after tax of £2.07m from total revenue of £6.61m in the six months to end-June.

The outcome compares with profits of £1.43m on revenues of £3.07m last time.

Mr Alan Gaynor, managing director, said oil and gas operating income had more than trebled, reflecting the Norsk Hydro acquisition and continued success in the Gulf of Mexico, while the emerging US business had moved into profit.

Earnings per share fell to 4.6p (7.96p) as a result of a jump of shares in issue from 18m to 45m following the placing and open offer in October last year. The interim dividend is maintained at 2.667p.

The company recently announced it had paid £21.4m for a 10 per cent interest in the Victor gas field. With estimated reserves of some 450bn cu ft, the acquisition reduced the effective cost of exploration in the North Sea to 17p in the pound.

Stat-Plus held back by housing inactivity

Stat-Plus Group, which retails legal and office stationery, lifted turnover 14 per cent but saw pre-tax profit fall 17 per cent in the first half of 1992.

Trading conditions remained difficult, there was no improvement in the housing market.

Directors did not anticipate any significant lift during the second half.

Turnover came to £6.09m (£5.33m) and profit to £2.02m (£2.43m). Earnings were 6.3p (7.25p) and the interim dividend is 3.56p (3.125p).

COMPANY NEWS: UK

Colin Beere

John Cope, director in charge of protection and control (left), with Philip Conway, director in charge of specialist paper, Michael Morley and John Lloyd, finance dir

Portals records 8% improvement to £12.6m

By Paul Taylor

PORTALS GROUP, the specialist paper and environmental protection and control products group, reported pre-tax profits up by 8 per cent, from £11.7m to £12.6m, in the six months to end-June.

The improvement was achieved on turnover down 3.3 per cent from £94.5m to £91.4m.

Mr Michael Morley, chief executive, said the results demonstrated Portals' "resilience in difficult trading conditions." He added that the outlook was "neutral to mildly positive," but cautioned that with some 60 per cent of Portals' business derived from overseas, "any advance for the year as a whole must depend on a general pick-up in international activity".

The profit gain reflected a modest advance in the papermaking division and a recovery in the protection and control business, with a further decline in interest charges offsetting a reduction in its central division.

The security and specialist papermaking division posted operating profits 3.8 per cent higher at £10.1m (£9.73m) on turnover down 2.6 per cent at £46.7m (£48m) reflecting deferred sales which have slipped into the second half.

Price pressures were offset by efficiency gains and a continuing capital expenditure programme will see £14m spent this year compared to £12.7m in 1991.

The protection and control division posted a 22 per cent rise in operating profits to £3.4m (£2.8m) on turnover of £44.3m (£45.6m). The Computer Technology and Bradley Lomas Electrolok businesses achieved strong profit advances with the former winning important contracts from the National Rivers Authority and the BBC.

The Houseman air and water hygiene business held up "reasonably well in difficult UK trading conditions which placed pressure on its traditional water treatment chemicals business".

However, Mr Morley said the performance of Airoil-Flaregas, which makes low-emission burners for the petrochemicals industry, was still "unsatisfactory." Operational difficulties have not been fully overcome and orders reflected the reduced level of activity in the petrochemical market. As a result it posted a loss similar to the first half last year.

As expected the operating loss in the central division increased to £760,000 against a £445,000 loss last year. The second half is expected to produce results close to break-even.

Net debt on July 1 stood at £5.7m, down from £16.4m, representing gearing of 5 per cent. The interest charge fell from £364,000 to £97,000, reflecting the strong cash flow in 1991.

Earnings came out at 14.15p (13.39p) or 13.97p (13.21p fully diluted. The interim dividend is maintained at 5p.

COMMENT

Portals' results, as usual, are solid if not inspiring. The group has gained a reputation as a reliable and defensive company, and the latest results bear all the fingerprints of a safe pair of management hands. The lower turnover in the papermaking division is disappointing, as is the continuing loss at Airoil-Flaregas, although it seems likely this will be resolved one way or another shortly. In the meantime the capital expenditure programme should generate further improvements in efficiency in the specialist paper business. With projected full-year profits of £27.5m, earnings of 30.2p, Portals is trading on a prospective p/e of 12.4. This is a stock to hold rather than buy at present levels.

Drinks wholesaling helps Boddington rise 50% to £11m

By Roland Rudd

BODDINGTON, the pubs, hotels and healthcare group, reported a 50 per cent increase in profits for the half year to June 27 on the back of a strong performance from drinks wholesaling.

Pre-tax profits increased from £7.52m to £11.3m on sales relating to continued activities of £111m (£76.1m).

Mr Denis Cassidy, chairman, said the result vindicated the strategy of expanding the drinks wholesaling division.

The group is reviewing its 19.5 per cent stake in JA Devenish, the West Country-based pub operator for which Boddington last year launched an unsuccessful bid.

Mr Cassidy said: "We are *constantly reviewing our* options, which include making a bid, helping someone else launch a bid, placing the shares or keeping our stake."

He indicated that he might resume hostilities if Devenish's full-year results disappointed the City. "I will wait with interest to see what Devenish announces for the year in December."

Devenish recently increased interim pre-tax profits from £2.09m to £4.24m, reflecting the effects of restructuring.

In the period under review Boddington's interest charge of £4.05m (£2.33m) reflected borrowings related to its Devenish stake. Debt remained static at £99m, representing gearing of 42.4 per cent.

Drinks wholesaling increased trading profit from £829,000 to £3.1m. About half the increase was due to acquisitions made last year.

The group's 460 pubs increased trading profit to £9.2m (£8.5m) from 18 fewer outlets. Mr Cassidy said he wanted to expand the estate.

Hotels and restaurants produced pre-tax profits of £1.38m (£878,000) as room occupancies rose by 5 per cent to 65 per cent.

Profits from the healthcare division rose to £1.5m (£1m) due to increased demand for nursing homes.

Fully diluted earnings per share rose to 7.3p (5.2p). The interim dividend is increased from 2.35p to 2.6p.

COMMENT

Boddington's strategy of expanding its drinks wholesal*ing operations while diversify*ing into healthcare has been the subject of much criticism over the past year. Yesterday's results should go a long way to blunt those criticisms. Forecast annual pre-tax profits of £25.8m, giving earnings per share of 16p, put the shares - which rose 3p to 168p - on a prospective multiple of 10.5. This is still at a discount to the sector average of 12.3, reflecting concern that the group might launch another bid for Devenish. There are obvious temptations to renew hostilities, not least because Boddington would like more pubs. Yet the cost of bidding and failing in the short-term is too great a risk. In spite of the £1.3m net annual carrying cost of its Devenish stake, Boddington would do wise to bide its time.

Adverse interest swing leaves Caird flat at £3.2m

By Richard Gourlay

CAIRD GROUP, the waste management company, yesterday reported interim pre-tax profits almost unchanged at £3.15m as the interest charge on debt used to develop landfill sites rose sharply.

Profits rose from £3.11m to £3.15m on sales 28 per cent lower at £9.5m after disposals in the intervening period.

At the operating level profits rose 27 per cent, despite a sharp deterioration in economic conditions.

The group suffered a sharp swing in interest from earnings of £197,000 to a charge of £545,000 as debt rose to £15.5m and gearing to 32 per cent following a burst of capital expenditure to achieve permits for landfill sites.

Mr John Ashton, chairman, said he was uncomfortable with debt at this level but that gearing would fall next year as capital expenditure fell sharply.

He said the group had not only been affected by the deterioration in economic conditions but by administrative delays in achieving new planning consents and licenses.

"Not only can the legislative backdrop be characterised as one of disarray, with anticipated revisions from both the EC and The UK being delayed or amended, but also when they are implemented, they are not accompanied by clear guidelines from the enforcing authorities," the company said.

Earnings per share fell from 2p to 1.81p after a higher tax charge and the interim dividend is maintained at 1.33p.

COMMENT

At the operating level these are pretty impressive results, held back only by the interest charge on debts run up to accelerate the process of permitting sites. The trouble is that regulation of the industry is increasingly confused leading to long delays that leave Caird, and others in the sector, with assets not only not contributing to income but draining cash. Caird's bulge of high capital expenditure is probably over now and gearing should begin to fall if not in the second half then in 1993. But it is suffering from being a small growth stock when small is not beautiful and growth in the UK is illusive. Nevertheless, if investors believe management's story, it could be attractive for income, particularly via the convertible which is yielding something over 17 per cent. Full year profits are forecast to be about £7m, giving 4.5p of earnings, and a multiple of only 8.8.

US trouble cuts Haden to £2.4m

By Jane Fuller

THE SHARE price of Haden MacLellan Holdings fell by nearly a third yesterday to 26½p after the industrial conglomerate announced a 69 per cent profit fall and slashed its interim dividend.

Pre-tax profit slid to £2.43m (£7.94m) in the first half on turnover of £142m (£173m). The interim dividend is cut by 2p to 1p, covered by earnings of 1.5p (5.5p).

Yesterday's share price fall exacerbated the deterioration which set in in May, when the price topped 120p. Profits forecasts have been subject to a string of downgradings.

Mr Mel Hawley, chief executive, said the main problems arose in the US, where £2.5m was lost in the paint-spraying equipment business and in the environmental sub-division.

Soft demand from car makers had squeezed margins "and the work that we had won was not executed to budget." New management had uncovered problems that had not been disclosed previously.

The North American part of the automated manufacturing systems division lost £1.6m, compared with £495,000 profit. Europe and Australia made £3.72m (£4.34m).

The environmental section, hit as US companies cut pollution abatement programmes, trebled losses to £998,000.

Mr Hawley said the group had "tried to get rid of all the bad news" with these results. Some improvement was expected in the second half.

Distribution, a UK operation involving machine tools and nuts and bolts, slipped to £1.85m (£2.04m). Manufacturing fell to £950,000 (£1.68m).

The results were also affected by a £550,000 write down in property values and a few business disposals.

Net cash of nearly £18m in December, mainly advance payments from customers, had been used and net debt was expected to be £10m by the year-end.

The group also announced the appointment as new non-executive chairman of Mr Harold Cottam, until recently UK managing partner at accountants Ernst & Young. He replaces Mr Philip Ling, who built up the group in the 1980s but who had increasingly taken a back seat.

See People

NFC downgrades 'best view' forecast to £90m

By Angus Foster

NFC, the transport and distribution company, said yesterday it enjoyed slight increases in turnover and profits during its fiscal third quarter, helped by improvements in the US market.

As a result, pre-tax profits for the 40 weeks to July 11 increased from £63.9m to £64.1m, while turnover rose 3.3 per cent to £1.28bn.

However, continued recession in the UK prompted the company to revise its "best view" forecast for full year profits to the bottom of its earlier range at £90m. The shares fell 11p to 218p following the announcement.

Mr James Watson, chairman, said earlier hopes of UK recovery had not materialised. "Given the overall economy, the results are satisfactory. Opportunities are arising overseas, although it is going to remain tough in the UK," he said.

The logistic division, which provides transporting and warehousing for manufacturing customers, increased operating profits 18 per cent to £33.6m, helped by volume growth and acquisitions in the US. July's purchase of Trammell Crow Distribution marked the end of the division's US expansion.

The acquisitions lifted gearing from 24 per cent to 40 per cent, and Mr Watson said total borrowings at the period-end were "up slightly" to about £150m. Interest costs increased £1m to £5.8m.

The company is still negotiating the sale of Pickfords and Mr Watson was hopeful the transaction would be finalised this year.

Earnings fell slightly to 9.2p (9.3p). A third interim dividend of 1.55p is declared, taking dividends so far this year to 4.25p.

Savoy Hotel losses increase

THE hoped-for improvement in trading failed to materialise at Savoy Hotel in the first half and pre-tax losses increased from £674,000 to £1.75m.

However, tax credits reduced the losses to £991,000, against a £1.24m profit previously.

The share price fell 6 per cent, from 473p to 443p.

Sales were 10 per cent ahead in the first quarter, but the continuing recession and weak dollar reversed this progress in the second quarter and the interim figure ended unchanged at £36.8m.

Gross trading profit came to £1.96m (£2.98m) but depreciation of £3.11m (£2.99m) turned this into a trading loss of £1.15m (£2,000).

Efforts during the period to control costs contained their rise to just 2.6 per cent at £35m. The same attention will be applied in the second half.

The six months ended with losses per A share of 3.5p (4.3p earnings) and per B share of 1.7p (2.2p earnings).

The company is majority-owned, but not controlled by Forte.

Optimistic mood at Asda

By John Thornhill

Mr PATRICK Gillam, chairman of Asda, told shareholders that management had been "invigorated with a new sense of purpose" and had already succeeded in stemming losses of market share.

"Current performance is encouraging against a difficult environment," he said.

However, he was gloomy about the general outlook for the food retailing trade, saying that sales volumes were under pressure following the decline in retail price inflation.

Asda would be affected this year by a record number of competitor store openings.

Trading conditions would present a "constant challenge" but the cost base had been adjusted to match the new conditions.

Mr Gillam said the first Dales discount superstore continued to perform to plan and a second one would open later this month in the Midlands. Another experimental format would go on trial be trialled at Stoke Wolstanton later this month.

Asda said it was continuing to negotiate with Costco, the US "warehouse club" operator, over the sale of a retail site at Trafford Park, Manchester. Costco, which operates high-discount limited-line stores, has been looking for sites in the UK for many months.

Difficult trading behind Hillsdown fall

By Maggie Urry

DIFFICULT TRADING conditions facing a number of Hillsdown Holdings' activities contributed to a 10.8 per cent fall in sales to £2.12bn and a 12 per cent fall in operating profits to £92.1m.

Pre-tax profits rose slightly to £78.1m (£77.6m) thanks to a lower interest charge of £14m (£27.1m).

Excluding discontinued operations, sales rose 1.1 per cent to £2.06bn and operating profits fell 1.3 per cent to £86.4m.

Operating profits from the food businesses fell from £84.7m to £77m. The main decline was in the fresh meat and bacon division, where operating profits were down from £13m to £7.7m.

Mr David Newton, chief operating officer, said there was severe overcapacity in the slaughtering industry. This had been expected to be reduced as higher standards for abattoirs were to be introduced.

However, the industry had been given more time to meet the new standards, prolonging the overcapacity problem. Hillsdown has closed seven of its 23 abattoirs.

Further there had been a shortage of sheep for slaughter following changes in the way farmers are paid for sheep, pushing up prices. Pig prices had risen as abattoirs bought more pigs to offset the fall in the number of sheep, and it had been difficult to pass on higher prices to consumers.

In the food processing sector operating profits fell from £58.2m to £54.5m, but those from continuing operations rose from £47.8m to £48.7m. Mr Newton said the acquisition of Anglia Canners had brought benefits, while growth continued in the salads, sandwiches, fish, fruit and vegetable areas.

Poultry and egg profits rose from £13.5m to £14.8m following the purchase of the JP Wood poultry business in the first half. Mr Newton said that so far margins in this business had not improved as hoped. Further cost cutting was planned.

Among the non-food operations, which the group is planning to sell when conditions are better, furniture profits rose from £5.7m to £5.9m despite the difficult state of the market. Housebuilding and property profits were down from £16.5m to £11.9m, though on a comparable basis profits were up.

Exchange rate movements, mainly the weakening Canadian dollar, had cost £1.4m at the operating level in the first half, and Mr Simon Moffat, finance director, said the effect could be double that in the second half.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Price for Trading on 10.09.92: Pool purchase price £/MWh	Final Prices for Trading on 10.09.92: Pool purchase price £/MWh	Final Prices for Trading on 10.09.92: Pool selling price £/MWh
0030	17.70	18.00	18.00
0100	17.70	18.00	18.00
0130	17.69	18.00	18.00
0200	17.69	17.71	17.71
0230	17.69	17.71	17.71
0300	17.69	17.71	17.71
0330	17.69	17.71	17.71
0400	17.69	17.71	17.71
0430	17.69	17.71	17.71
0500	17.69	17.71	17.71
0530	17.70	17.69	17.69
0600	17.86	17.64	17.64
0630	17.66	17.69	17.69
0700	18.02	17.70	17.70
0730	23.75	24.36	29.09
0800	25.37	24.86	29.54
0830	[illegible]	25.32	29.97
0900	28.58	25.79	31.36
0930	28.67	30.34	35.04
1000	28.66	30.34	34.99
1030	28.66	30.36	35.01
1100	28.68	30.36	35.01
1130	28.67	30.37	35.03
1200	28.68	29.08	[illegible]
1230	28.57	29.06	32.87
1300	28.68	29.03	32.85
1330	28.68	28.70	31.28
1400	28.63	28.28	30.85
1430	24.69	25.32	29.87
1500	24.68	25.32	29.87
1530	24.69	25.32	29.87
1600	24.69	24.96	29.52
1630	24.69	24.96	29.52
1700	28.02	24.96	28.51
1730	28.02	24.98	28.51
1800	24.98	24.96	28.50
1830	[illegible]	24.86	29.39
1900	21.68	23.51	[illegible]
1930	21.68	23.51	29.03
2000	23.72	20.03	20.03
2030	20.01	22.00	22.00
2100	28.01	23.52	32.19
2130	27.57	28.00	32.63
2200	27.57	28.00	32.63
2230	23.72	25.62	30.33
2300	23.16	33.11	27.68
2330	[illegible]	22.87	27.26
2400	17.76	17.69	17.80

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.89/MWh becomes 1.689p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. [illegible] Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456798 between 8.30am and 5.15pm Monday to Friday.

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NICHOLSON INTERNATIONAL

CONTRACTS

Metamorphosis for theatre

An artist's impression of the new frontage planned for the Edinburgh Festival Theatre

BOVIS CONSTRUCTION (SCOTLAND) has brought the house down at the Edinburgh Festival Theatre (formerly the Empire Theatre) as part of a £12m refurbishment programme to create a world-class opera house in Edinburgh.

Bovis, a P&O company, has started work on the two-year project and is on schedule for completion in time for the 1994 Edinburgh Festival.

A new front-of-house is to be created to replace the existing facade on Nicolson Street. Set back from the street, it will feature a 400 ft long glass enclosure more than three storeys high.

The ground floor will provide an entrance forecourt, box office, cafe bar and shop. A staircase is to be constructed to take audiences up to further foyer levels, each with their own bars.

Although one of Bovis' prime tasks is to retain the architectural integrity of the Victorian theatre, an increased stage area of 9,700 sq ft is to be created to accommodate international touring companies. Providing more performing space than any other theatre in Scotland, the stage will be comparable to that of the Royal Opera House in Covent Garden.

The auditorium is of exceptional design and gives the theatre its Grade B listed building status. Although it has been out of use as a theatre for almost 30 years, the circle and balcony remain reasonably intact. The seating in this area will be restored, while the stalls will be reinstated and remodelled. Overall the audience seating capacity will be around 1,900 when the theatre re-opens in August 1994.

Housing association scheme in Wales

Work has started on phase two of an initiative by Gwalia Housing Society which will eventually create 800 replacement homes in a Swansea community.

The £7.7m project is being designed and built by the South Wales region of WIMPEY CONSTRUCTION. When the company finishes its work early in 1994, 185 brick-clad homes will have been created on the estate in Blaenymaes to take the place of concrete post-war housing.

All of the properties on the estate were previously owned by the City of Swansea Council. But the Government's squeeze on council spending meant Swansea could not invest the money needed to improve its housing stock. The Council's solution was to demolish the houses and lease the land to Gwalia for development.

In its capacity as a housing association, Gwalia obtained grant support from Tai Cymru to carry out the major improvements which are now under way.

Wimpey is to carry out the work under a design and build contract. The resulting scheme provides a mix of low-cost housing ranging from one-bedroomed studio apartments to four-bedroomed semi-detached homes.

£14.5m orders won by Ballast Nedam

BALLAST NEDAM CONSTRUCTION has been awarded eight contracts worth almost £14.5m.

They include a £1.79m design and build contract with Nuclear Electric in Heysham, a £2.4m three-year term minor works contract for Shell at Ellesmere Port, a £1.05m private hospice in Middlesbrough, projects valued at £2m concerning a pharmaceutical complex in the North East and, for client Arlington, a £2.15m Royal Mail building at Hatfield.

The awards include work worth over £5m won in Lancashire, involving a process engineering building and the extension of a machining facility centre.

The contracts are shared between Ballast Nedam's eight UK regional offices.

The company is a member of British Aerospace and part of the international contracting group Ballast Nedam B.V.

Further education facilities in Sheffield

Two contracts totalling over £5m for further education facilities in Sheffield have been awarded to the northern construction division of MJ GLEESON GROUP.

At the Pond Street campus of Sheffield City Polytechnic, Gleeson will undertake construction of a six-storey block incorporating a lecture theatre, and also refurbish a five-storey block, on behalf of Cormorant at a cost of £3.3m.

At Regent Street, Gleeson is to build a £1.9m five-storey management building for Sheffield University.

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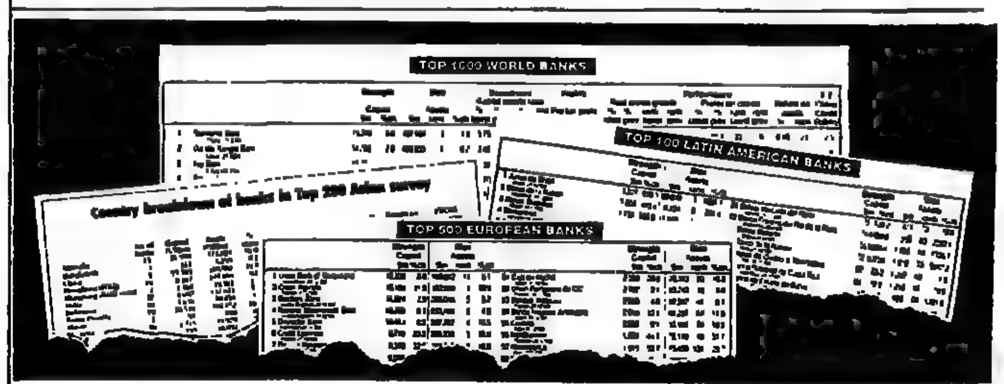

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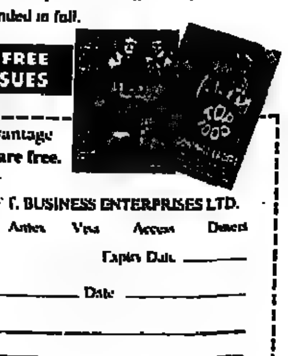

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COMMODITIES AND AGRICULTURE

Zinc squeeze fears continue despite price fall

By Kenneth Gooding, Mining Correspondent

ZINC'S PRICE fell again yesterday on the London Metal Exchange but analysts suggested an options-related technical squeeze was still looming in the final quarter of this year.

Market interest was also focussed on nickel, which recovered only slightly yesterday after touching its lowest price for two and a half years. Analysts said producers must *be seriously considering cuts in output.*

Zinc's price had been easing because some speculators, disappointed that it had not broken *through $1,400 a tonne*, had been liquidating their positions, said Mr William Adams, analyst at Rudolf Wolff, the metal and commodities broker. "There has been a bit of a sell-off but the price will head higher again," he said.

Mr John Wolff, chairman of the LME, said the zinc market was still being closely monitored by the board because tightness persisted for metal for delivery in the months of October to December.

Zinc for immediate delivery fell by $36 a tonne to close at $1,376 yesterday. Since Monday morning zinc has lost more than 4 per cent of its value.

Three-month nickel recovered slightly yesterday, by $7.50 to $6,995 a tonne. Traders *suggested that nickel producers* were buying yesterday to put a brake on the steep fall seen earlier this week. However, "at this level it is cheaper *to buy LME metal than to produce*", said Mr Nick Moore, analyst at Ord Minnett, part of the Westpac banking group. "How much longer before a producer cut occurs?" he asked.

Canadians urge united protest at US subsidies

By Bernard Simon in Toronto

CANADA IS examining ways of forming a united front with other grain producers to protest against President George Bush's decision to offer extra subsidies on US wheat exports.

Mr Bill McKnight agriculture minister said yesterday that Canada has suggested a meeting with Australian and Argentine government representatives to discuss their response to the US action. The two other countries have already indicated that they plan to challenge the subsidies under the *General Agreement on Tariffs* and Trade.

Mr McKnight complained that the Americans "are spending taxpayers' dollars in areas *where it is not beneficial in* gaining markets". He added that "they are harming the friends and allies that they have".

Mr Charles Mayer, Canada's wheat minister, is due to meet Australia's trade minister Mr John Kerin in Washington on September 21.

● French President Francois Mitterrand has protested to Mr Bush about the $1.1bn subsidy package, government spokesman Mr Martin Malvy said, reports Reuter from Paris.

He quoted Mr Mitterrand as saying the subsidy "creates disarray in countries which wish to conclude an international trade accord and will certainly put back the date at which such an accord can be signed".

France and the US have been at loggerheads over a new Gatt pact, with Washington pressing for deep cuts in subsidised European Community cereals exports and Paris saying a recent reform of EC farm policy was as far as it could go.

Azerbaijan hopes for oil-fuelled renaissance

Neil Buckley on efforts to capitalise on the former Soviet republic's energy wealth

STEP off a plane at Baku airport, and you see an *oilfield. Hundreds of der*ricks and nodding donkeys stretch away across the parched landscape like the skeletons of trees in a dying forest.

Drive into town, and on the way the warm, humid air is heavy with the smell of crude. In Baku itself, you may drive along Oilmen's Street, and on to Azneft Square, named after the state oil producer.

Drop into the Academy of Sciences, moreover, and this week you will find a high-tech exhibition by the BP-Statoil alliance, which on Monday became the second western oil group to sign a deal with Azerbaijan.

The former Soviet republic is looking to oil to bring about its economic renaissance, and with a population of only 7.1m but oil reserves that experts believe could be as big as those in the UK North Sea, it may enjoy a prosperous future.

Azerbaijan is proud of its oil-producing history. Marco Polo wrote about an oil spring on the Apsheron peninsula as early as the 13th century, which he noted was "good to *burn", but "not good to use* with food". The first commercial wells near Baku were drilled in 1871, but for much of this century the industry was neglected by Soviet central planners concentrating on the Volga-Urals and Siberian regions in Russia.

Now, international companies are streaming back into Baku. Amoco, the US oil major, won Azerbaijan's first international tender in June last year, and is currently conducting a feasibility study into the development of the 1.75bn-barrel Azeri field in the Caspian Sea.

A final contract is expected to be signed by the end of the year, and production may begin within 30 months of the signing.

After 16 months which have seen Azerbaijan gain its independence and a new president, Mr Abulfaz Elchibey, BP-Statoil has signed a similar agreement to conduct a feasibility study into the Kaverochkin field, 75 km (46 miles) south-east of Baku in the Caspian Sea, and to explore the neighbouring Shakhovo More prospect. Kaverochkin, which has *undergone two name changes* in the last three days, first to Dostlug (Friendship), and then to Chirag (Flame) only hours before the deal was signed, is at present estimated to contain about 1bn barrels, but experts believe eventual recoverable reserves could reach 2bn barrels.

Mr Rauf Nadirov, an oil expert at Baku's Institute of Geology, says there are several other known fields in the Azerbaijani sector of the Caspian. One target for foreign companies may be the undeveloped Kapaz field, thought to contain about 250m barrels.

Other fields are already producing but may require western technology to maximise production. Gunashli, formerly known as the 28th of April field, is thought to have 1.2bn barrels still in place. The Bakhar gas field is estimated at 2,700bn cu ft, of which only a small proportion has been extracted.

There is a host of other prospective structures, including BP-Statoil's Shak Deniz (formerly Shakhovo More), prospect.

Onshore, the biggest field is Balakhani-Sabunchi-Ramani. The site of the original Baku oil industry, this has already produced 2.25bn barrels. About 750m barrels are thought to be still in place, but the field is fraught with problems, including obsolete technology, severe water penetration, and environmental damage from pools of oil forming on the surface. Azerbaijan is looking for foreign partners to help salvage the field.

Mr Nadirov says 60 per cent of Azerbaijan's territory is believed to be oil-bearing, and onshore areas already producing include Neftachala at the mouth of the Kura river, Muratkhandli, and Syazan, on the border with Georgia.

There is already a pipeline to transport oil through Russia, and Azerbaijan is a partner in a pipeline consortium with Kazakhstan, Russia, and Oman. The consortium plans to construct a pipeline to transport oil from Kazkhstan and Azerbaijan to present or future terminals on the Gulf, the Mediterranean, and/or the Black Sea.

One idea is a line across Georgia to a new terminal at the Black Sea port of Poti. Another option is a pipeline to the Turkish Black Sea through Iran and Turkey.

Azerbaijan has a French-equipped offshore construction yard, ShelfProyektStroi, south of Baku, which recently completed a $7.5m contract from BP to construct four steel piles to be used in the UK North Sea. It also has a well-established oil equipment industry, although like much of Soviet industry, this has been hobbled by shortages of parts and materials, and the breakdown of inter-republican trade.

*There was a carnival atmo*sphere among the thousands of people who greeted Lady Thatcher, the former UK prime minister, as she arrived in Baku this week on a visit to President Elchibey – in time to witness BP's deal. If Azerbaijan can remain politically stable long enough to see the benefits of its new oil developments, it has every reason to celebrate.

Peruvian minerals trader bought by Brazilians

By Sally Bowen in Lima

BRAZILIAN investors have acquired Minpeco USA, the North-American arm of Peruvian state-owned minerals trader Minpeco. The company was sold by auction on Monday at the Lima stock exchange.

The sole bidder was Mercantile Industrial Inga, which has a long-established trading relationship in zinc metal and concentrates with Minpeco USA. Inga is associated with Ralbir, an investment group with Brazilian and Uruguayan capital.

Minpeco USA went for $4.1m, the rock-bottom price acceptable to the parent company and the precise amount of the debt that it had to clear with its traditionally profitable US subsidiary. Last year Minpeco USA sold about $400m of minerals and turned in a modest profit of about $320,000.

Mr Peter Warner, spokesman for Inga in Lima, said Minpeco had a "fine reputation" and there were no plans to change the company name. "Minpeco's strength is on the west coast of Latin America while ours is on the east coast, so there's a nice fit," he said.

Enticing investors to troubled waters

Leyla Boulton on disputes about Russia's Sakhalin island fields

THE RUSSIAN government is planning new tenders to exploit remaining oil and gas fields off the island of Sakhalin in a bid to cool political passions over natural resources in the far east of the republic.

A first feasibility study for just two offshore fields was awarded in March to a consortium made up of Marathon Oil and McDermott, both of the US, and Japan's Mitsui, amid a major dispute between Moscow and the local authorities over which competing group of western oil companies should get the contract.

Competition between the various consortia for the contract was so fierce that local buses were drawn into the fray – carrying advertisements saying "Mobil – a reliable partner for Russia" and "3M Consortium – working for the benefit of Sakhalin People".

Despite the cancellation of President Boris Yeltsin's trip to Japan yesterday, politics is unlikely to come between Russian energy resources and the Japanese companies that have been competing among each other for a piece of the action.

Plans for an as yet unspecified number of new tenders – *there are eight fields off Sakhalin* but it has not yet been decided how they will be divided up – are designed to ease political tensions over Sakhalin's resources, as well as to give other oil companies a share of a large but so far neglected pie. These include the Adoptinskoye and Chaivo oil and gas fields, on which Japan's Sodeco has priority rights entrenched in a Russo-Japanese government accord dating from 1975; and the Arkutinsky and Daginskoye fields, for which Amoco has already offered to conduct a feasibility study.

Sodeco was set up specially for the purposes of exploiting Sakhalin oil as part of a diplomatic effort in the 1970s to resolve the territorial quarrel over the South Kurile islands off Sakhalin. But having completed a feasibility study for Chaivo and Adoptinskoye in 1983, Sodeco has been waiting to begin work ever since, while the Russians continue to sit on $277bn owed to Sodeco for its efforts so far.

"The question of [attracting] foreign capital has suffered from inertia," says Mr Andrei Konoplyannik, the deputy oil minister responsible for foreign investment affairs. "We have been talking about it for five years but now we are trying not to talk but do something which goes beyond joint *ventures." The idea is to award* feasibility studies this year, and begin developing resources in 1993. Estimated resources in the Sea of Okhotsk, the bulk of which are off Sakhalin, include 15.8bn barrels of oil, 1bn barrels of gas condensate, and 190 trillion (million million) cubic feet of natural gas.

While promising a start to the exploitation of these resources, the first Sakhalin tender is also seen as a model for what not to do if the country really wants to can build a smooth tendering mechanism.

The 3M consortium is now working to meet a December 31 deadline to complete the feasibility study for developing the Lunskoye gas and Altun-Pistovskoye oil fields.

But until it won the feasibility study, and even afterwards, the Sakhalin administration and parliament challenged the choice made by a government commission as accusations flew that corruption provided the motivation for backing one or other consortium.

Mr Viktor Sirenko, the Sakhalin deputy governor for economic affairs, voices two main objections to the 3M consortium: doubts that it has the resources to carry out the work and a fear that it will drag its feet in developing gas supplies, which the Russian far *east needs for its own energy* security.

Mr Sirenko carries around with him detailed figures of corporate results of the three companies plus western agency ratings to argue that Exxon would have been a "more solid" partner than Marathon or McDermott.

He claims that Exxon, which had teamed up with Sodeco in the competition for the feasibility study, has the most experience operating in a Sakhalin-type environment. He also claims that the consortium is unlikely to produce the gas by 1995 as the Russian side wants because Japan does not need any new supplies before the year 2000.

These criticisms are roundly rejected by Mr Konoplyannik, who says the government opted for a "comprehensive approach taking into account a number of factors".

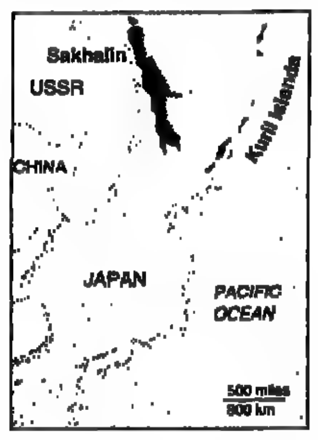
But the tender also became an opportunity for local authorities to present rival oil companies with an unofficial shopping list for new infrastructure, which the central government has so far been unable to provide. This opened up a fierce competition among oil companies to outbid each other in generosity.

Apart from the usual conflicts between central and local authorities wherever natural wealth is at issue, a driving force *behind the Sakhalin* squabble is local politicians' fears for their own future as they find themselves trapped by election promises made two years ago of a Singapore-style economic miracle on the island.

"People now blame us because things are getting worse as a result of the government's economic policies," said one senior Sakhalin official, who declined to be identified. "But we have no power to improve things because of the dictatorship of the centre".

Although the reserves have been known about for decades, another reason nothing has been done until now is the enormous complexity of an off-shore drilling project fraught with great risks for the environment.

Mr Anatoly Torchinov, managing-director of Far East Offshore Exploration Company, a state-owned company that is a subcontractor in the 3M feasibility work, says the main challenge is ensuring that moving blocks of ice cannot damage offshore installations and spill oil into the rich fishing grounds around the island.



Pakistan can halt sugar imports

By Farhan Bokhari in Islamabad

SURPLUS SUGAR stocks in Pakistan are set to eliminate the country's need to import sugar, although the potential for export remains unclear.

Pakistan's total production is expected to hit 2.6m tonnes by the end of the 1992-93 fiscal year, up from 2.3m tonnes in 1991-92. Government officials estimate that private traders are holding 132,000 tonnes of stocks, and that is expected to start rising next month as the new production season begins at sugar mills.

The rise in sugar production has partly resulted from an increase in the number of sugar mills as well as improvements in the recovery rate of sugar cane and beet. Pakistan started with 2 sugar mills with a daily sugar cane crushing capacity of 1,500 tonnes at the time of its independence in 1947; today there are 54, with an aggregate capacity of 175,000 tonnes.

The rise in production has allowed cuts in sugar imports. In June this year, imports of white refined sugar fell to just 538 tonnes, down from 3,480 tonnes in May. Last year, 36,819 tonnes was imported in June, following 48,290 tonnes in May.

However, the country's sugar export potential remains unclear. With countries such as Brazil and Cuba having lower costs of production, Pakistani sugar might not be able to compete, said one senior official.

Up to 100,000 tonnes of sugar is estimated to be smuggled annually to neighbouring Iran and Afghanistan. That has made it difficult to assess if a surplus will be left after meeting domestic consumption, including smuggling, in order to set aside large quantities for export. However, Pakistan will at least save valuable foreign exchange by meeting its sugar requirements domestically. Last year $36.8m was spent on importing sugar, which was down from $160.5m, a year earlier.

WORLD COMMODITIES PRICES

MARKET REPORT

PLATINUM moved ahead on the London bullion market on concern that ANC mass action might disrupt production at Impala's operations in Bophuthatswana. New York's platinum futures moved sharply ahead in early trading, but then lost most of the gains on reports that South Africa's three largest platinum producers did not expect any production problems because of the recent unrest, analysts said. **GOLD** closed unchanged in London. Dealers said the market was still stuck in a range between $338 and $344 a troy ounce and would continue to look weak technically until it could break above the upper end of the band.

December New York arabica **COFFEE** futures were more than 2.5 cents a lb down in late trading, reflecting concern over long-term oversupply and sentiment that ICO talks on price support will make little progress later this month. "Certified stocks continue to rise and it doesn't seem like the ICO can do anything to stop it," said one analyst. The New York fall took the London robusta market down. New York **COTTON** futures were under pressure from sluggish world demand for US cotton and plentiful supplies.

Compiled from Reuters

London Markets

SPOT MARKETS		+ or -
Crude oil (per barrel FOB)(Oct)		
Dubai	$18.30-8.35	+.075
Brent Blend (dated)	$20.25-0.35	+.025
Brent Blend (Oct)	$20.30-0.35	
W.T.I (1 pm est)	$21.85-1.95	+.005
Oil products (NWE prompt delivery per tonne CIF)		
Premium Gasoline	$219-222	
Gas Oil	$167-169	+2.5
Heavy Fuel Oil	$85-87	
Naphtha	$192-193	-3.5
Petroleum Argus Estimates		
Other		
Gold (per troy oz)♣	$342.4	
Silver (per troy oz)♣	373.5c	+0.5
Platinum (per troy oz)	$364.15	+8.15
Palladium (per troy oz)	$91.50	+0.35
Copper (US Producer)	115.00	-0.5
Lead (US Producer)	39.4c	
Tin (Kuala Lumpur market)	16.50r	
Tin (New York)	310.50c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	108.65p	-0.47*
Sheep (live weight)†♣	71.83p	-0.78*
Pigs (live weight)†	81.89p	+0.58*
London daily sugar (raw)	$246.0w	-3.0
London daily sugar (white)	$279.5w	+0.5
Tate and Lyle export price	£231.5	-1.0
Barley (English feed)	£112	
Maize (US No. 3 yellow)	£149	+0.5
Wheat (US Dark Northern)	Unq	
Rubber (Oct)♥	49.00p	+0.25
Rubber (Nov)♥	49.00p	+0.25
Rubber (KL RSS No 1 Jul)	216.0m	
Coconut oil (Philippines)§	$512.5t	
Palm Oil (Malaysian)§	$405.0	
Copra (Philippines)§	$332.5	
Soyabeans (US)	£133.0z	+1.0
Cotton "A" index	56.10c	-0.45
Wooltops (64s Super)	369p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Oct/Nov w-Sep/Oct y-Sep u-Oct z-Nov †Meat Commission average fatstock prices * change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Oct	208.00	204.00	209.00	202.00
Dec	202.00	202.00	201.00	
Mar	200.00	200.20	200.00	
White	**Close**	**Previous**	**High/Low**	
Oct	263.60	263.70	264.00	262.50
Dec	259.00	259.00	259.00	258.00
Mar	261.50	261.00	261.50	260.00
May	263.50	263.00	263.60	262.50
Aug	268.40	268.00	268.30	267.00

Turnover: Raw 150 (53) lots of 50 tonnes. White 1865 (1670) Paris- White (FFr per tonne): Oct 1265.46 Dec 1258.29

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low	
Oct	20.40	20.37	20.43	20.29
Nov	20.42	20.38	20.43	20.34
Dec	20.41	20.34	20.42	20.31
Jan	20.33	20.29	20.29	20.25
Feb	20.15	20.12	20.17	20.11
IPE Index	20.35	20.27	20.35	

Turnover 19584 (26935)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Sep	185.75	185.00	186.00	184.25
Oct	190.00	189.00	190.00	188.25
Nov	192.50	191.50	192.50	190.50
Dec	194.50	193.50	194.50	192.50
Jan	194.50	193.25	194.50	192.75
Feb	190.00	189.50	190.00	189.50
Mar	184.25	183.50	184.25	183.75
Apr	180.75	180.00	181.00	180.50
May	179.50	179.00	180.00	179.00

Turnover 17832 (25502) lots of 100 tonnes

INDICES

REUTERS (Base: September 18 1931 = 100)

Sep 9	Sep 8	mnth ago	yr ago
1502.1	1508.4	1531.7	1670.2

DOW JONES (Base: Dec. 31 1974 = 100)

	Sep 8	Sep 7	mnth ago	yr ago
Spot	118.67	-	116.66	119.28
Futures	115.76	-	116.00	123.56

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Sep	602	595	600	592
Dec	630	617	630	618
Mar	660	647	660	648
May	676	666	675	668
Jul	696	686	696	685
Sep	717	703	709	701
Dec	741	728	737	736

Turnover: 5387 (5534) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 8 792.77 (789.19) 10 day average for Sep 9 804.02 (807.74)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low	
Sep	784	770	769	755
Nov	778	798	793	775
Jan	788	802	802	785
Mar	796	812	808	796
May	804	815	813	810
Jul	820	829	822	

Turnover: 1835 (4172) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 8: Comp. daily 46.93 (47.13) 15 day average 46.11 (45.92)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low	
Apr	57.9	58.4	58.5	57.3

Turnover 86 (63) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Oct	119.50	119.50	119.50
Dec	122.00		122.00
Feb	124.00		124.00

Turnover 25 (20) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low	
Sep	1091	1100	1095	1091
Oct	1170	1165	1180	1166
Nov	1176	1180	1176	
Jan	1215	1215	1220	1215
Jul	1115		1115	
Oct	1300	1300	1300	
Jan	1325	1320	1325	
BFI	1056	1056		

Turnover 171 (487)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low	
Sep	114.00	114.25	114.00	
Nov	115.75	115.90	116.00	115.75
Jan	119.55	119.50	119.70	119.40
Mar	122.85	122.70	122.85	122.65
May	126.00	125.80	126.00	125.70
Jun	127.55	127.75	127.55	127.45
Barley	**Close**	**Previous**	**High/Low**	
Sep	110.00	110.00	110.00	
Nov	113.00	112.75	113.00	112.65
Jan	116.80	116.60	116.80	116.65
Mar	119.75	119.65	119.75	119.55
May	121.90		121.90	

Turnover: Wheat 359 (322), Barley 47 (190).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Oct	106.5	-	106.0

Turnover:2 (0) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 31,311 lots
Cash	1274-5	1275-6		1272-2.5		
3 months	1297.5-8	1298-8.5	1301/1295	1296-5.5	1299-300	178,633 lots
Copper, Grade A (£ per tonne)						Total daily turnover 36,340 lots
Cash	1238-9	1229-30		1228-8.5		
3 months	1256.5-7	1257.5-8	1259/1255.5	1256.5-7	1257-8	149,114 lots
Lead (£ per tonne)						Total daily turnover 3,036 lots
Cash	326.5-7.5	326-8	326/324	325-5.5		
3 months	334-4.5	335-6	335/331.5	333-3.5	334-5	28,604 lots
Nickel ($ per tonne)						Total daily turnover 7,853 lots
Cash	6920-30	6910-20		6880-5		
3 months	6990-7000	6985-90	7000/6915	6955-60	6990-5	28,992 lots
Tin ($ per tonne)						Total daily turnover 1,904 lots
Cash	6680-5	6690-5	6680/6655	6655-60		
3 months	6720-5	6730-1	6730/6685	6695-700	6720-30	11,586 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 19,403 lots
Cash	1375-7	1411-3		1378-80		
3 months	1344-5	1372-3	1363/1339	1362-3	1338-9	66,125 lots

LME Closing £/$ rate: SPOT: 1.9755 3 months: 1.9414 6 months: 1.9045 9 months: 1.8732

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	342.20-342.60	
Opening	342.80-343.60	
Morning fix	343.10	172.846
Afternoon fix	343.50	173.296
Day's high	343.75-344.15	
Day's low	342.00-342.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.50	6 months	2.47
2 months	2.50	12 months	2.58
3 months	2.50		

Silver fix	p/troy oz	US cts equiv
Spot	188.65	374.75
3 months	193.50	377.55
6 months	196.55	380.60
12 months	208.80	387.15

GOLD COINS

	$ price	£ equivalent
Krugerrand	342.50-344.00	171.00-172.00
Maple leaf	353.40-355.70	-
New Sovereign	83.50-85.00	41.00-42.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Jan	Oct	Jan
1250	39	71	4	13
1300	10	39	25	31
1350	3	19	66	60
Copper (Grade A)	**Calls**		**Puts**	
2500	12	45	60	88
2550	4	29	101	121
2600	3	18	149	160
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
750	59	74	16	22
800	30	45	37	43
850	14	27	71	75
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
600	39	70	22	33
650	17	43	50	46
700	7	25	90	78
Brent Crude	**Oct**	**Nov**	**Oct**	**Nov**
2000	41	64	3	28
2050	4	69		51
2100	2	20		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Sep	342.2	342.5	0	0
Oct	342.7	343.1	344.3	342.2
Nov	343.3	343.7	0	0
Dec	344.2	344.6	346.1	343.5
Feb	345.7	346.1	347.0	345.5
Apr	347.2	347.6	348.5	347.1
Jun	348.6	349.2	350.0	350.0
Aug	350.5	350.9	0	0
Oct	352.3	352.7	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	361.9	361.7	366.5	361.5
Jan	359.4	359.4	364.0	359.0
Apr	358.4	358.1	361.0	359.0
Jul	359.4	359.1	0	0

SILVER 5,000 troy oz, cents/troy oz.

	Close	Previous	High/Low	
Sep	370.6	371.1	373.0	370.0
Oct	371.4	371.6	0	0
Nov	372.3	372.5	0	0
Dec	374.0	374.2	378.0	372.5
Jan	375.3	375.4	0	0
Mar	377.6	377.7	381.0	376.5
May	380.0	380.1	381.0	380.0
Jul	382.3	382.3	383.0	382.5
Sep	384.7	384.7	0	0
Dec	388.7	388.7	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.31	9.19	9.37	9.23
Mar	8.99	8.98	9.04	8.96
May	8.96	8.96	9.02	8.95
Jul	8.94	8.94	9.01	8.97
Oct	8.88	8.87	8.94	8.92

WOOL

Australian wool is selling well at firm prices. Demand from Japan and the EEC is good, and China is also said to be behind some of the Japanese buying. The Australian Wool Corporation's market indicator has maintained last week's small gain and is unchanged at 545c/kg. There was almost a complete clearance at Wednesday's Newcastle sale, a mere 2 per cent was passed in at Adelaide, and 10pc at Fremantle. Erratic fluctuations in the US and Australian dollars keep prices changing even where wool itself is selling well. The trade believes they undermine confidence, and add to recessionary pressures.

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	108.70	109.40	109.35	108.70
Oct	109.00	109.80	109.35	109.00
Nov	109.40	110.10	110.00	109.70
Dec	109.80	110.45	110.35	109.55
Jan	109.80	110.40	109.80	109.50
Feb	109.75	110.40	109.80	109.70
Mar	109.70	110.35	110.30	109.70
Apr	109.45	110.10	0	0
May	109.10	109.75	109.80	109.35
Jun	108.65	109.30	109.50	109.30

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Oct	21.98	21.98	22.00	21.88
Nov	21.83	21.77	21.85	21.70
Dec	21.71	21.65	21.72	21.59
Jan	21.58	21.53	21.57	21.46
Feb	21.45	21.40	21.48	21.36
Mar	21.32	21.28	21.32	21.21
Apr	21.21	21.18	21.20	21.12
May	21.10	21.06	21.09	21.01
Jun	20.99	20.94	21.00	20.91
Jul	20.90	20.84	20.81	20.79

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Oct	61.73	61.77	62.10	61.60
Nov	62.72	62.68	63.00	62.50
Dec	63.91	63.78	64.10	63.60
Jan	64.22	64.10	64.45	63.95
Feb	63.23	62.97	63.30	62.95
Mar	60.93	60.67	61.10	60.65
Apr	58.83	58.55	58.95	58.60
May	57.38	57.10	57.15	57.05
Jun	56.48	56.20	0	0
Jul	56.28	56.00	56.40	56.30

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1030	1020	1044	1027
Dec	1074	1067	1090	1070
Mar	1126	1117	1130	1102
May	1155	1146	1162	1154
Jul	1180	1176	1188	1180
Sep	1215	1206	1220	1216
Dec	1245	1241	1258	1246
Mar	1288	1280	0	0
May	1310	1306	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	49.40	52.30	52.00	49.20
Dec	50.90	53.45	53.25	50.45
Mar	52.80	55.25	55.00	52.35
May	56.75	59.00	58.60	56.30
Jul	58.60	60.90	60.50	58.40
Sep	60.50	62.80	62.50	60.50
Dec	63.50	66.00	64.35	63.50

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	55.07	55.54	55.75	55.00
Dec	53.69	54.14	54.40	53.57
Mar	54.65	55.13	55.30	54.50
May	55.46	56.00	56.05	55.30
Jul	56.12	56.60	56.85	56.05
Oct	57.38	58.32	58.50	57.51

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	117.85	116.75	117.85	116.05
Nov	115.85	113.40	115.90	113.50
Jan	116.10	112.65	115.40	113.25
Mar	115.50	112.80	115.70	113.30
May	116.25	113.55	115.05	115.00
Jul	115.75	113.05	114.75	114.75
Sep	115.75	113.05	0	0
Nov	115.75	113.05	114.00	114.00
Jan	115.75	113.05	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Sep	564/2	566/6	566/0	562/2
Nov	557/0	561/6	561/4	556/0
Jan	564/0	568/6	568/4	562/0
Mar	572/2	576/4	577/0	570/0
May	577/6	583/2	582/0	577/0
Jul	585/0	589/6	589/2	583/0
Aug	584/6	588/6	584/6	584/6

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Sep	18.79	19.08	19.04	18.79
Oct	18.85	19.07	19.11	18.84
Dec	19.16	19.39	19.41	19.12
Jan	19.33	19.64	19.57	19.31
Mar	19.63	19.83	19.86	19.58
May	19.90	20.00	20.13	19.86
Jul	20.16	20.31	20.36	20.12
Aug	20.27	20.45	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Sep	176.8	175.7	176.8	175.5
Oct	193.9	194.8	194.7	193.1
Dec	193.7	194.8	194.5	193.0
Jan	192.8	193.4	193.5	192.1
Mar	192.0	192.5	192.8	191.5
May	192.0	192.2	192.0	191.0
Jul	193.7	193.7	193.6	192.0
Aug	193.5	193.2	193.5	193.2

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	227/0	230/0	228/4	226/4
Dec	222/0	226/0	225/0	221/4
Mar	230/4	234/4	233/4	229/6
May	236/2	240/2	239/0	236/0
Jul	240/4	244/6	244/0	240/0
Sep	240/2	244/4	243/4	240/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	329/2	329/6	330/0	325/4
Dec	342/0	342/0	343/0	338/4
Mar	347/0	345/6	347/6	344/0
May	341/0	341/4	342/4	338/6
Jul	320/2	320/2	320/4	317/0
Sep	324/4	325/2	325/0	324/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	75.425	75.425	75.575	75.175
Dec	73.675	73.650	73.850	73.400
Feb	72.500	72.575	72.575	72.400
Apr	73.375	73.400	73.475	73.300
Jun	70.300	70.325	70.400	70.225
Aug	68.850	68.850	69.050	68.850
Oct	69.125	69.000	69.425	69.100

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	41.100	41.250	41.500	41.000
Dec	42.050	42.425	42.350	41.850
Feb	40.800	41.125	41.175	40.650
Apr	38.950	39.175	39.200	38.900
Jun	44.525	44.750	44.750	44.500
Jul	44.500	44.750	44.550	44.500
Aug	43.475	43.650	43.500	43.400

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	40.800	41.225	41.250	40.250
Mar	40.600	41.050	41.000	40.125
May	41.950	42.250	41.950	41.300
Jul	42.200	42.850	0	41.300
Aug	42.200	42.200	0	41.400

LONDON STOCK EXCHANGE

Further ground lost in nervous trade

By Terry Byland, UK Stock Market Editor

UK EQUITIES continued to give ground yesterday as European foreign exchange dealers struggled to respond to the latest developments in Scandinavian currencies. The sudden increase in Sweden's marginal lending rates to 75 per cent alarmed London and share prices fell sharply in early trading. By the close, however, the London market had rallied very cautiously behind sterling to record a net fall of a further 10.2 on the FT-SE scale.

Once again trading volume was poor and marketmakers were left to move prices around quickly, often in response to company trading reports which sounded an uncertain note. English China Clays, the industrial materials group, shook the sector with news of a heavy fall in profits. However, there was a maintained dividend at P & O and a good performance from Prudential, the insurance company.

Equities rallied from an early loss of nearly 15 on the Footsie and were approaching overnight levels until London money market rates moved higher. The market swiftly went into reverse again and was 16.1 down at 2,321.6 until a steadier trend in the pound helped equities stage a second recovery. The UK stock market closed before reports – later denied – that a Bundesbank official had suggested that sterling devaluation was inevitable received publicity on the Seaq trading screens.

The final reading showed the FT-SE Index at 2,327.5, for a net loss on the day of 10.2 points. While a 10 point loss on the Footsie is no great news in markets at present, yesterday's fall reflected continued nervousness among investors.

Seaq volume increased towards the close when marketmakers moved to pick up stock to meet selling commitments taken on earlier in the week. The final Seaq total of 400.8m compared with 418.2m on the previous day, but Tuesday's figure represented a mere £682.2m in terms of retail or customer business.

The big institutions continued to keep away from the London equity market, watching nervously as the developments in Scandinavian currencies implied fresh pressures on sterling and thus on the UK Government's commitment to the ERM network; there was no immediate response, however, to a call from a leading member of the UK Labour opposition party for Britain to drop sterling's link with the D-mark and to press for sterling devaluation.

The renewed worries over sterling and the implications for UK interest rates fell *heavily across the building and* retail consumer sectors. With ECC's poor figures adding to the pessimism, there were substantial falls in Redland and other stocks in the building materials stocks.

● The London Stock Exchange announced yesterday that, following the quarterly review of components of the FT-SE 100 Share Index, TI Investments, Scottish Hydro Electric, Southern Electric, Burmah Castrol, De La Rue and Kwik-Save will join the Index and Willis Corroon, Pilkington, Royal Insurance, Hillsdown, British Aerospace and RMC will leave the Index list.

Account Dealing Dates		
*First Dealings:		
Aug 24	Sep 7	Sep 21
Option Declarations:		
Sep 3	Sep 17	Oct 1
Last Dealings:		
Sep 4	Sep 18	Oct 2
Account Day:		
Sep 14	Sep 28	Oct 12

*New time dealings may take place from 8.30 am two business days earlier.

ICI falls on bear story

THE ICI share price was sent tumbling by a strongly worded sell recommendation from County NatWest, although the securities house initially went to great lengths to distance itself from the situation.

The nub of the argument was that the present dividend will be cut by around 15p after the chemicals and pharmaceuticals giant is split in early 1993. Mr Ian John, County's chemicals analyst, said: "It is our view that prudent dividend policies for each company will result in dividend payments which, when combined, will produce a net dividend of less than 55p in 1993. We would expect a combined net payout of 40p as a reasonable expectation."

Rumours of a County sell circular had leaked into the market on Tuesday and were partly responsible for that day's 28p fall. However, County had denied that it was issuing a note and even yesterday morning was refusing any comment.

Mr Mike Lewis, County's specialist salesman, said he had discussed the note with no one on Tuesday and all the information was embargoed until 8am yesterday. Most analysts were highly sceptical of a dividend cut, but ICI shares were marked down by more than 40p at the start of trading yesterday – principally as a spoiling operation by rival marketmakers.

The stock recovered slowly throughout yesterday to close only 7 off at 1055p after turnover of 2.4m shares. Industrial gases group BOC's rise of 14 to 629p was prompted by switching out of ICI.

ECC plunges

The market again suffered the effect of bad corporate news yesterday when English China Clays (ECC), considered by many to be the "glamour" stock in the 'other industrial materials' sector, fell sharply after the company reported lower profits than had been expected.

Interim profits were down to £40.8m, against expectations of around £57m, leading to one of the busiest sessions in ECC stock on record. The shares retreated 30p on the figures, but it was the gloomy meeting with City analysts that moved them to cut full-year profit estimates. One said: "Not a single positive point was made."

Dealers rushed to sell the shares, briefly causing a price backwardation – a situation in which the bid and offer prices are temporarily reversed. At worst the shares were down 82 at 364p. Bargain hunting left the stock at 371p, down 76 on the day after turnover of 7.3m, the highest daily figure for more than five years.

Mr Chris Alexander at Lehman Brothers, who reduced his figure for the year from £114m to £95m, commented: "The shares will not bounce soon and they will be derated further as investors are reminded again that the company's markets are cyclical, and currency will continue to be a potent negative."

Hillsdown drops

Diversified foods group Hillsdown experienced an ignominious finale to its membership of the FT-SE 100 Index. The stock suffered the biggest fall in percentage terms in the London market with a slide of 23 to 83p on turnover of 10m shares.

First-half profits came in marginally higher than last year's but at the bottom of the range of estimates. They were accompanied by news of heavy borrowings and a gloomy statement predicting a difficult second half. Nomura lowered its full-year estimate by £18m to £175m.

C and W setback

News that US West, the US telecoms carrier, is forming a new electronic directory service in the Minneapolis/St Paul area of Minnesota along with France Telecom caused a sharp slide in shares of Cable and Wireless, owner of Mercury, the UK telecoms group. US West has been seen as a likely candidate to acquire a minority stake in Mercury.

Telecoms specialists were surprised at the extent of the drop in C and W, which ended 15 down at 511p on relatively thin turnover of 1.2m. "This news has not knocked US West off the list of potential suitors," said one analyst, who added that there were plenty of buyers of a sizeable stake in Mercury "at the right price". The C and W weakness was also attributed to a rather clumsily handled selling order.

Taylor Woodrow weakened 8, or 18 per cent, to 35p after cutting the interim dividend and recording a £16m loss. Blue Circle suffered a 10 per cent fall, closing 15 off at 134p in front of today's interims. These are expected to show profits in the region of £42m, down from the £57.5m recorded in the first half of last year.

Sun Alliance was unsettled after S.G. Warburg Securities was said to have adopted a more cautious stance on the stock, highlighting the group's exposure to property and the equity market. The shares ended 13 lower at 241p. Prudential closed 6 higher at 236p after the good interim figures.

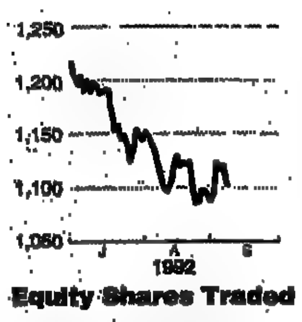
Calor Group outpaced a subdued oil and gas sector, responding to a buy note issued by County NatWest. The shares rose 5 to 179p.

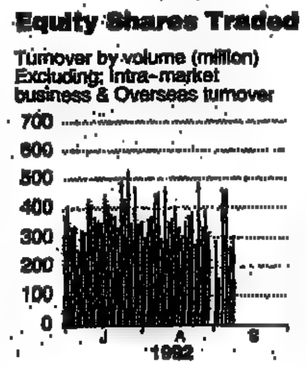
Position-taking ahead of Glaxo's results affected all the big pharmaceutical stocks. Wellcome picked up 11 to 854p: the impact of quick-turnover speculators who came in after the recent share issue has now faded. SmithKline Beecham gained 7 both in the "A" shares and the US-driven units after sizeable switching between the two classes of stock.

Fisons rallied 10 to 160p as the opinions of more positive analysts filtered through following Tuesday's announcement of poor first-half results. Nomura Research was one that issued a buy recommendation.

J. Sainsbury lost 8 to 446p, with Lehman Brothers pointing out that the rating differential between Sainsbury and Tesco (off a penny at 211p) had widened too far.

Supermarket chain Asda saw heavy turnover of more than 16m shares on the back of the chairman's agm statement. The shares eased to 27p.





MARKET REPORTERS:
Steve Thompson,
Joel Kibazo,
Peter John.

■ Other market statistics, Page 20

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (8).
BUSINESS SERVS (1) Pentos, ELECTRONICS (1) Hoskyns, MEDIA (1) TVS Ent. 7.4pc Pf, MISC (1) Bluebird Toys, OTHER FINCL (1) Sterling Tst.
NEW LOWS (225).
CANADIANS (2) Hawker Siddeley Can, Inco. BANKS (2) ANZ, Westpac. BREWERS (5) Allied-Lyons, Fosters, Greenalls 5.95pc Pf, Highland, Merrydown, BLDG MATLS (19) BPB, Blue Circle, Do 7¼pc Pf, Breedon, Br. Dredging, Cape, Epwin, Evered Bardon, Hepworth, Haywood Williams, Marley, [illegible]

FINANCIAL TIMES STOCK INDICES

	Sept 9	Sept 8	Sept 7	Sept 4	Sept 3	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	88.53	88.58	89.46	89.38	89.06	88.94	89.75 (3/7)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	104.90	105.34	105.50	105.44	104.17	95.46	106.35 (8/7)	97.15 (2/1)	106.35 (6/7/92)	50.53 (3/1/75)
Ordinary Share ●	1696.7	1710.6	1733.4	1729.0	1741.0	2088.6	2149.7 (22/5)	1670.0 (1/9)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	68.6	68.6	72.9	74.5	75.6	161.5	160.6 (10/1)	66.6 (9/9)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2327.5	2337.7	2372.2	2362.2	2381.9	2653.2	2737.6 (11/5)	2281.0 (25/8)	2737.6 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1059.86	1066.61	1074.64	1073.24	1074.12	1188.60	1248.79 (11/5)	1029.56 (25/8)	1248.79 (11/5/92)	938.62 (16/1/91)
●Ord Div. Yield	5.23	5.21	5.13	5.15	5.11	4.56				
●Earning Yld %(full)	7.57	7.57	7.45	7.48	7.43	7.40				
●P/E Ratio(Net)(☆)	16.69	16.69	16.96	16.90	17.02	16.86				
SEAQ Bargns 5.00pm	15,398	15,282	15,106	24,628	20,844	30,485				
Equity Turnover(£m)†	-	628.2	536.4	923.5	978.5	738.4				
Equity Bargains†	-	15,782	17,558	26,285	22,879	31,474				
Shares Traded (ml)†	-	307.5	268.1	462.5	462.6	343.7				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. [illegible]

Ordinary Share Index, Hourly changes — Day's High 1708.6 — Day's Low 1694.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1696.1	1705.3	1707.6	1705.0	1695.3	1697.3	1697.9	1697.6	1697.0

FT-SE 100, Hourly changes — Day's High 2335.4 — Day's Low 2321.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2322.8	2330.9	2333.6	2327.4	2322.4	2324.0	2324.7	2325.1	2326.6

FT-SE Eurotrack 200, Hourly changes — Day's High 1064.55 — Day's Low 1056.93

Open	10.30 am	11 am	12 pm	1 pm	2 pm	3 pm
1064.55	1063.16	1060.73	1057.71	1058.49	1059.39	1059.62

GILT EDGED ACTIVITY

Indices*	Sept 8	Sept 7
Gilt Edged Bargains	92.0	83.8
5 – Day average	97.6	97.4

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	0	375	-1	Comm Union	333	474	-6	Lonrho	1,400	69	+½	Shell Transport	1,700	481	+1
ASDA Group	18,000	37	-½	Cookson	2,300	128	+1	Lucas	864	88		Siebe	183	775	[illegible]
Abbey National	177	282	-3	Courtaulds	490	424	-1	MB Caradon	904	214	-4	Slough Ests	432	99½	-1½
Albert Fisher	1,100	38	-1	Dalgety	148	385		MEPC	409	333	-3	Smith (W.H.) A	944	397	-3
Allied-Lyons	818	560	-7	De La Rue	482	544	+3	Manweb	290	438	+9	Smith & Nephew	940	132½	-2
Amstrad	808	20		Dixons	804	198		Marks & Spencer	916	309	-2	SmKl Beecham	3,100	418	+7
Anglian Water	763	432		Eastern Elect.	1,300	383	+7	Midlands Elect.	695	408	+10	SmKl Beecham Uts	2,400	426	+7
Argos	802	224	+1	[illegible]	430	386	+5	NFC	2,500	218	-11	Smiths Inds	475	263	-8
Argyll Group	1,400	329	+2	Eng China Clays	7,300	371	-76	NatWest Bank	1,400	317	-2	Southern Elect.	435	387	
Arjo Wiggins	1,500	198	-3	Enterprise Oil	136	385	-7	National Power	4,800	234½	-4½	South Wales Elect.	171	461	+6
[illegible]				[illegible]				[illegible]				[illegible]			
British Land	175	149	-2	Kingfisher	2,000	449	-1	Royal Insurance	2,300	[illegible]	[illegible]	Welsh Water	96	457	-2
British Steel	11,000	47½	+1	Kwik Save	101	680	-6	Saatchi	90	194	+1	Wessex Water	89	494	
Bunzl	745	87	-1	[illegible]	1,300	151	+1	Sainsbury	3,700	446	-8	Whitbread 'A'	589	380½	-5½
Burmah Castrol	848	570	-5	Land Securities	806	356	-6	Scottish & New	1,200	403	+2	Williams Hldgs	1,700	234	+4
Burton	3,800	31½		Laporte	83	461	+2	Scot Hydro-Elect.	588	211½	-1½	Willis Corroon	330	152	
Cable & Wire.	1,200	511	-15	Legal & General	349	300	-5	Scottish Power	984	180	-1	Wimpey	137	87	-4
Cadbury Schweppes	1,100	409	-7	Lloyds Abbey	54	300	-3	Sears	2,600	65½	-1½	Wolseley	127	291	-27
Calor Group	298	179	+5	Lloyds Bank	641	386	-8	Sedgwick	487	118	-1	Yorkshire Elect.	185	441	+3
Carlton Comms.	297	573	-1	LASMO	771	124	-2	Seeboard	35	386	+2	Yorkshire Water	301	474	+4
Coats Viyella	636	165	-4	London Elect.	188	382	+4	Severn Trent Water	823	410	-2				

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

CURRENCY worries continued to dominate trading in the derivates market, making for a volatile session in stock index futures, writes Joel Kibazo.

An early squeeze in the September contract on the FT-SE, after it opened at 2,326, sent the contract climbing to 2,347 by 9.30 am. September then drifted lower to trade between 2,323 and 2,343 as dealers focused on the latest developments in Scandinavian currencies. As a result of weakness in other European markets, and a spate of disappointing corporate results, September continued to drift, although early firmness on Wall Street helped the future claw back some of the early falls.

The contract traded at a premium to cash for most of session. It eventually closed at 2,336, some 3 points below Tuesday's close and 11 ahead of the underlying cash market. Turnover at 10,775 in September was reasonable as was volume in the December contract, which traded more than 4,000 contracts.

Traded options volume remained dull but up on Tuesday's poor level. A total of 26,112 lots traded, of which the FT-SE 100 option accounted for 9,951 lots and the Euro FT-SE option 2,342. British Aerospace at 1,430 was the busiest stock option.

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Sep 9 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Tue Sep 8 Index No.	Mon Sep 7 Index No.	Fri Sep 4 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (175)	664.23	-2.3	8.85	6.70	14.50	22.52	679.76	692.85	692.65	868.52
2 Building Materials (23)	617.65	-5.9	8.83	8.97	15.37	27.19	656.17	682.52	683.85	1122.71
3 Contracting, Construction (27)	485.72	-3.8	5.54	11.45	52.94	25.74	505.17	519.81	519.19	1170.18
4 Electricals (9)	1991.00	-2.8	8.30	7.55	15.52	74.93	2048.82	2056.69	2046.56	2454.84
5 Electronics (27)	1879.14	......	8.59	4.59	14.52	46.63	1880.13	1900.89	1922.42	1796.99
6 Engineering-Aerospace (6)	280.79	-3.1	12.84	9.28	9.88	13.53	289.88	294.03	291.74	383.68
7 Engineering-General (43)	409.31	-2.0	9.93	5.90	12.84	13.00	417.79	427.09	424.32	499.20
8 Metals and Metal Forming (7)	256.23	+0.3	6.78	8.54	21.44	7.30	255.51	265.59	266.65	446.67
9 Motors (14)	282.66	-0.9	9.68	8.35	13.54	14.02	285.35	288.89	287.17	365.16
10 Other Industrial Materials (19)	1480.17	-2.1	8.47	5.60	14.20	41.12	1512.17	1531.60	1527.36	1671.77
21 CONSUMER GROUP (191)	1486.44	-0.3	7.72	3.07	16.02	28.51	1490.92	1507.98	1496.69	1570.81
22 Brewers and Distillers (25)	1871.09	-0.4	8.89	3.91	13.56	37.64	1878.55	1915.73	1905.49	1922.70
25 Food Manufacturing (19)	1068.40	-1.4	10.08	4.94	12.29	26.54	1083.89	1087.96	1086.39	1236.74
26 Food Retailing (18)	2584.39	-0.9	9.48	3.53	13.74	47.40	2609.02	2628.59	2635.43	2712.79
27 Health and Household (25)	3892.10	+0.8	5.54	2.74	20.72	42.46	3860.66	3929.15	3862.05	3678.45
29 Hotels and Leisure (18)	957.23	-1.3	8.40	7.15	15.56	38.39	970.20	989.12	980.97	1379.47
30 Media (26)	1419.65	-0.3	6.89	3.71	18.12	29.64	1423.87	1440.41	1433.73	1528.72
31 Packaging, Paper & Printing (17)	697.27	-0.8	7.68	4.75	15.98	10.71	703.24	711.22	704.90	765.65
34 Stores (34)	963.05	-0.3	7.39	3.89	18.02	17.95	966.00	958.31	956.15	1030.23
35 Textiles (9)	568.84	-1.1	8.14	5.39	15.54	16.10	575.31	581.27	575.72	646.32
40 OTHER GROUPS (117)	1181.49	-0.1	10.56	5.75	11.88	38.14	1182.38	1201.62	1199.53	1285.09
41 Business Services (17)	1213.06	-0.6	7.04	4.28	17.34	21.54	1219.92	1226.49	1218.45	1434.16
42 Chemicals (22)	1255.18	+0.1	7.84	5.79	15.82	46.24	1253.47	1275.00	1270.41	1477.80
43 Conglomerates (10)	1116.33	-0.6	10.25	9.85	12.51	37.23	1123.13	1148.11	1138.09	1489.51
44 Transport (14)	2209.69	-1.1	9.11	5.34	13.50	56.22	2234.89	2264.08	2240.76	2352.07
45 Electricity (16)	1348.23	+0.1	15.43	5.44	8.35	52.88	1346.43	1354.25	1358.62	1245.64
46 Telephone Networks (4)	1355.21	+0.7	11.15	4.87	11.69	46.15	1345.98	1387.28	1394.60	1535.89
47 Water (11)	2882.82	+0.2	15.54	6.00	7.12	86.85	2877.89	2891.37	2856.23	2503.39
48 Miscellaneous (23)	1909.74	-0.7	6.93	5.30	18.09	54.03	1922.51	1940.40	1927.01	1922.05
49 INDUSTRIAL GROUP (483)	1181.48	-0.6	8.84	4.95	14.14	30.59	1188.11	1205.13	1199.03	1308.74
51 Oil & Gas (17)	1787.67	-0.1	7.66	7.13	17.06	69.56	1789.51	1813.93	1811.78	2450.22
59 500 SHARE INDEX (500)	1240.11	-0.5	8.72	5.17	14.39	33.75	1246.50	1264.27	1259.12	1406.93
61 FINANCIAL GROUP (83)	658.49	-0.6	–	6.66	–	27.63	662.71	665.21	663.87	834.28
62 Banks (9)	897.51	-0.5	5.00	6.14	25.87	39.95	901.75	906.55	905.71	972.82
65 Insurance (Life) (6)	1370.19	+1.0	–	6.51	–	45.47	1356.41	1360.03	1361.61	1582.89
66 Insurance (Composite) (7)	451.97	-2.3	–	6.65	–	16.37	462.56	462.17	456.81	660.22
67 Insurance (Brokers) (10)	570.64	+0.2	12.45	9.60	10.54	39.26	569.26	573.75	577.65	1145.66
68 Merchant Banks (7)	408.98	-0.2	–	5.28	–	12.37	409.84	409.08	404.60	453.39
69 Property (30)	490.40	-1.9	11.44	9.07	11.65	22.22	499.78	503.57	503.48	954.96
70 Other Financial (14)	216.75	-0.6	9.22	8.01	14.25	7.29	218.00	216.97	217.96	267.85
71 Investment Trusts (70)	1041.08	-0.6	–	4.31	–	25.50	1047.34	1051.44	1050.95	1245.15
99 ALL-SHARE INDEX (653)	1100.59	-0.5	–	5.33	–	31.83	1106.46	1120.50	1116.31	1267.80

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 8	Sep 7	Sep 4	Sep 3	Sep 2	Year ago
FT-SE 100 SHARE INDEX‡	2327.5	-10.2	2335.4	2321.6	2337.7	2372.2	2362.2	2381.9	2313.0	2626.6

FIXED INTEREST

	PRICE INDICES	Wed Sep 9	Day's change %	Tue Sep 8	Accrued Interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (22)	120.61	-0.43	121.12	2.02	8.79
2	5–15 years (25)	135.83	-0.54	136.57	2.06	9.59
3	Over 15 years (8)	148.05	-0.37	148.61	0.65	9.97
4	Irredeemables (6)	168.60	-0.43	169.32	2.56	8.83
5	All stocks (61)	133.67	-0.48	134.31	1.91	9.54
	Index-Linked					
6	Up to 5 years (2)	169.12	-0.12	169.33	0.23	3.25
7	Over 5 years (10)	145.49	-0.02	145.84	0.52	3.64
8	All stocks (12)	147.58	-0.04	147.91	0.48	3.56
9	Debs & Loans (62)	119.27	-0.36	119.71	1.91	8.69

	AVERAGE GROSS REDEMPTION YIELDS		Wed Sep 9	Tue Sep 8	Year ago (approx.)
	British Government				
1	Low	5 years	8.89	8.84	8.56
2	Coupons	15 years	8.89	8.84	9.44
3	(0%-7¾%)	20 years	8.89	8.84	9.44
4	Medium	5 years	9.75	9.58	9.64
5	Coupons	15 years	9.11	9.06	9.60
6	(8%-10¾%)	20 years	8.99	8.95	9.58
7	High	5 years	10.01	9.85	9.84
8	Coupons	15 years	9.35	9.28	9.72
9	(11%-)	20 years	9.18	9.12	9.65
10	Irredeemables		9.08	9.04	9.66
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.74	4.69	3.74
12	Inflation rate 5%	Over 5 yrs.	4.69	4.69	4.20
13	Inflation rate 10%	Up to 5 yrs.	4.00	3.96	2.81
14	Inflation rate 10%	Over 5 yrs.	4.51	4.51	4.02
15	Debs &	5 years	10.69	10.59	11.41
16	Loans	15 years	10.48	10.41	11.12
17		25 years	10.33	10.28	10.94

‡Opening index 2322.8; 9 am 2330.9; 10 am 2333.6; 11 am 2327.4; Noon 2322.4; 1 pm 2324.0; 2 pm 2324.7; 2.30 pm 2325.7; 3 pm 2325.1; 4.10 pm 2325.1; (a) 9.22am (b) 12.11pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 3rd Floor, Number One, Southwark Bridge, London SE1 9HL.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
Treas 8¼pc 1993		[illegible]	[illegible]	[illegible]	[illegible]	8.32	10.04
10pc 1993		[illegible]	[illegible]	[illegible]	[illegible]	10.01	10.46
12¼pc 1993		[illegible]	[illegible]	[illegible]	101¼	12.26	10.31
[illegible]							

BRITISH FUNDS - Cont.

	Notes	Price £	+or -	1992 high	1992 low	Yield Int.	Yield Red.
Conversion 10¼pc 1999		102⅝	[illegible]	[illegible]	[illegible]	9.86	9.70
9pc 2000		[illegible]	[illegible]	[illegible]	94⅝	9.21	9.45
Treas 13pc 2000		[illegible]	[illegible]	121¼	[illegible]	11.13	9.86
10pc 2001		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.47
14pc '98-01		[illegible]	[illegible]	121	[illegible]	[illegible]	10.11
[illegible]							

BRITISH FUNDS - Cont.

Index – Linked	Notes	Price £	+or -	1992 high	1992 low	Yield Int.	Yield Red.
	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	[illegible]	[illegible]	127⅝	122⅞	3.28	4.73
2pc '96	(67.9)	[illegible]	[illegible]	[illegible]	[illegible]	4.14	4.77
2½pc '01	(78.3)	[illegible]	[illegible]	[illegible]	141¾	4.84	4.95
[illegible]							

OTHER FIXED INTEREST

[illegible]

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1992 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs h	16¼xd	-1/16	19⅛	14⅞	12,832	2.1
♥Allegheny & W	297p	–	338p	226p	164.3	5.3
Amdahl	700p	+11	1159p	642p	764.3	0.7
Amer Cyanamid	[illegible]	+⅛	37	28⅝	2,719	2.9
Amer Express	11 11/16xd	+1/32	13⅞	10 7/16	6,264	4.8
Amer T & T	21 7/16xd	-1/16	24⅞	20⅛	28,177	3.3
Ameritech	34⅝	+⅛	36 31/32	32½	15,160	5.3
BankAmerica	21 9/16xd	-1/32	27½	19 1/16	7,387	3.2
Bankers NY	38⅝xd	-½	37¼	28⅞	2,838	4.3
Bell Atlantic	24⅛	+⅛	26⅛	[illegible]	10,664	5.5
BellSouth	26¼	-⅛	29⅛	25	13,077	5.4
♥Bethlehem Steel	6 13/16xd	-⅛	9⅝	5¼	528.3	–
Bowater	946pxd	+9	1579p	905p	341.1	6.6
CPC h	25⅜xd	+⅛	28¼	22⅛	3,885	2.5
♥Cadiz Land Inc	128p	—	342p	128p	–	–
Campbell Soup	18⅝xd	-⅛	23 3/16	17⅛	4,675	2.2
Chase Manhattan	11 11/16xd	-⅛	18½	9⅛	1,578	5.7
Chrysler	[illegible]	—	11½	6¼	3,615	3.0
Citicorp	7 11/16xd	-⅛	11¼	5⅛	2,748	–
Colgate-Palm	27⅞xd	—	29 1/16	25¼	4,446	2.3
Cont'l Bank	898p	-25	1036p	489p	816.8	3.9
Dana	18 13/16xd	+1/16	24½	14 3/16	862.5	4.5
Data General	416p	-4	1084p	384p	114.8	–
Dun & Brad	28¼	+¼	33½	27⅝	5,129	4.2
Eaton	39¼	+⅞	46½	32½	1,249	2.9
Echlin	9¼xd	-⅛	11	7⅛	521.8	4.0
FPL	18xd	-¼	20	17 13/16	3,211	7.1
Fluor	20½	-1/16	27	19¼	1,682	1.0
Ford Motor	20⅛xd	-⅛	26⅛	15	9,771	2.8
Gen Elect	37¼xd	-⅛	46¼	36¼	32,188	3.3
♥General Host	487p	—	585p	380p	–	3.8
Gillette	29⅛xd	-⅛	29⅞	23 15/16	6,289	1.3
Hasbro	18	+⅛	18½	12⅛	1,378	0.7
Honeywell	32 11/16	+1/16	43	32	2,282	2.6
Houston Inds	[illegible]	+¼	25	22	2,881	7.1
IBM	42 7/16xd	+⅛	54½	42⅞	24,719	5.9
Ingersoll-Rand	12⅞	-⅛	19 1/16	12 11/16	1,388	2.8
Lockheed	24	+⅛	28⅞	22⅛	1,472	4.6
Lowe's h	839p	-13	1273p	815½p	611.8	1.7
Merrill Lynch	25⅜xd	-⅛	39 13/16	24⅛	2,658	2.5
Morgan (JP)	38 7/16	+1/16	37½	28 1/16	5,746	3.8
Morris (Philip)	42 13/16xd	+⅛	45 3/16	37 13/16	38,361	2.1
NYNEX	[illegible]	+¼	44⅝	39⅝	8,883	5.7
Pall	[illegible]	-¼	17 13/16	10 3/16	1,182	1.4
Pennzoil	27½xd	+⅛	38⅛	23⅛	1,108	5.7
Quaker Oats	31⅝xd	+⅛	40 3/16	28	2,363	2.8
Rockwell	12 13/16xd	+⅛	15 13/16	11½	2,882	3.7
Rep NY	21xd	+⅛	26 7/16	20⅞	1,892	2.5
Sears, Roebuck	28½xd	-⅛	28	19 1/16	7,878	5.1
Sthwestern Bell	33⅞	+⅛	35⅞	31⅛	10,167	4.5
Sun Co	12½xd	+1/16	16⅞	12⅛	1,328	7.7
Tenneco	18⅝xd	-⅛	25 7/16	[illegible]	2,317	4.5
Texaco	31 13/16xd	-⅛	36⅝	30 13/16	8,257	6.2
Time Warner	52 11/16xd	-¼	62¼	46½	4,894	1.0
♥Unitab	337p	—	587p	320p	313.8	–
♥URS Intl. 1c	8½p	—	11¼p	0¼p	1.81	–
US West	19⅝	—	21 13/16	18¾	8,045	5.7
Varity	1016p	+7	1058p	632p	253.5	–
Waste Manage	18⅞xd	—	28	16 7/16	8,382	1.8
Whirlpool	1905pxd	+13	2799p	1766p	1,342	3.0
♥Woolworth	15 13/16	+1/16	18¼	13¼	2,078	3.7

CANADIANS

Notes	Price £	+ or -	1992 high	low	Mkt Cap £m	Yld Gr's
♥Abbot Energy	1¼p	—	2p	1¼p	–	–
Amer Barrick	1648p	+11	1648p	1200p	2,181	0.3
Bk Montreal	19⅞	+⅛	23¼	18¾	2,418	4.5
Bk Nova Scot	1028p	+3	1178p	929p	3,094	4.3
♥BC Gas	881p	+7	879p	621p	–	3.8
BCE	18⅛	—	24½	18⅞	6,894	5.7
♥Brascan	768p	-8	867p	704p	831.7	5.7
♥Breakwater	18¼p	+¼	30p	6p	11.8	22.5

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1992 high	1992 low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv		149	−½	178	147	[illegible]	[illegible]	[illegible]
Warrants		22	—	28	22	—	—	—
Scot Mortgage		137	—	187	135	8.8	163.7	16.3
Scot National Inc		79	—	187	67½	16.9	—	—
Cap		17	−1	42	12½	—	—	—
Stepped Pf		137¼xd	−½	142	129	6.8	—	—
Zero Div Pf		184½	−½	187½	166½	—	—	—
Warrants		3½	—	9	3	—	—	—
Scot Value		57¼xd	—	64	48	4.2	56.8	0.8
Sec Alliance		1089	−5	1283	1068	4.3	1239.3	12.2
Second Market		238	—	244	222	8.9	280.1	18.1
Sec Tst Scot		82	−1	76½	61½	7.8	83.7	3.7
Select Assets		79	—	102½	78½	1.5	121.3	34.9
Eq Ind Sarl		107	—	138	107	5.3	—	—
Eq Ind Sarl		107	—	123	107	5.2	—	—
Shires		194xd	−2	249	194	12.5	181.4	−7.0
11pc Cv Ln '02/04		£100	—	£119½	£95½	11.0	—	—
Sum Select		68	—	91	68	8.5	92.8	26.7
Warrants		10	—	21	10	—	—	—
Smaller Cos		67	—	86	67	5.0	77.5	13.5
Warrants		11	—	28	10	—	—	—
Somerset Tst		122	—	148	55	—	79.4	−53.8
Sphere Inc		10	—	29	9¾	41.3	11.6	18.1
Zero Div Pf		65¼	−½	77⅞	65¼	—	—	—
Sum8		30	−1	55	30	5.5	91.7	66.8
TR City of Lon		103½	−1½	127½	97½	6.1	100.7	−2.8
TR Euro Growth		71xd	—	90	70	2.5	91.0	22.5
Ptg Sub		34xd	—	64	34	5.3	—	—
TR Far East Inc		85	—	96	76	6.9	90.4	6.6
Warrants		14	—	22	12	—	—	—
TR High Inc		95	—	118	91	8.4	93.4	−1.7
Sub		22	—	35	21	9.1	—	—
TR Pacific		72	—	90	70	9.5	83.3	13.5
TR Prop		14¾	−¼	27	14¾	13.1	27.8	48.9
TR Smaller		101	−4	152	101	[illegible]	[illegible]	[illegible]
TR Technology		21	−1	37	18	11.1	47.6	53.8

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

	Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's	P/E
Ansbacher (H)		31	—	34	25	67.9	—	[illegible]
Baring Spr Cm 2nd Pf		96	—	108	83½	12.0	11.1	[illegible]
9¼pc Non-Cum Pf		117¼	−½	126	103¼	46.9	11.1	[illegible]
Brown Shipley		52	—	204	50	8.29	—	[illegible]
Close Bros	†	208	—	267	208	80.0	5.8	[illegible]
Hambros		208	—	292	202	356.4	8.9	[illegible]
7½pc Cv Pf		92½xd	+½	119	91½	130.8	10.8	[illegible]
Joseph (L)		308	−2	333	308	18.2	6.9	[illegible]
Kleinwort Benson		236	−1	324	212	387.7	9.0	[illegible]
Rea Bros		27	+1	37	25	18.6	2.5	[illegible]
Schroders		1185	−3	1385	1043	586.1	2.1	[illegible]
N/V		988	−2	1158	883	127.1	2.5	[illegible]
Singer & Fried		35	—	50	34	89.9	9.5	[illegible]
Warburg (SG)		439	−1	685	403	919.4	5.5	[illegible]
6pc Cv Pf		148½	—	204	137	62.3	5.5	[illegible]
Wintrust		213	—	253	208	18.1	5.8	[illegible]

METALS & METAL FORMING

	Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's	P/E
ASW	‡	59	—	186	58	30.4	‡	[illegible]
Apollo Metals		101	−2	147	101	11.9	4.6	[illegible]
Ash & Lacy		138	—	168	138	36.6	6.2	[illegible]
Barrett (H)	‡	12	—	45	12	5.21	‡	[illegible]
Billam (J)		118	—	144	84	1.78	5.2	[illegible]
Brit Steel		47½	+1	88	46	950.0	12.8	[illegible]
MCI		21	—	36	15	18.2	13.0	[illegible]
Castings		162	—	185	118	34.8	3.3	[illegible]
Chamber & Hill		95	—	140	90	8.94	8.4	[illegible]
Cohen (A)		305	—	400	305	5.88	4.4	[illegible]
Cook (Wm)		155	−3	306	155	33.7	8.6	[illegible]
Cooper (F)		28	—	69	27	9.95	19.0	[illegible]
Downiebrae		27	—	38	27	4.72	2.5	[illegible]
Firth (GM)	†	10	—	35	8	2.37	‡	[illegible]

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

MINES - Cont.

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

GUIDE TO LONDON SHARE SERVICE

[illegible]

preliminary figures.
a Dividend yield excludes a special payment.
i Indicated dividend yield, p/e ratio based on latest annual earnings.
n Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible] The symbols are as follows: (▼) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (♣) - 1701 to midnight. [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444

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FT MANAGED FUNDS SERVICE

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	50.23	50.83	51.33	+0.01	10.80
Capital Premier	5½	47.57	47.85	51.04	-0.26	9.2
Ethical	5½	40.01	41.00	43.61	-0.07	5.9
European Growth	5½	45.31	45.45	48.47	+0.02	4.6
Income	5½	40.19	40.68	43.39	-0.53	[illegible]
Intl Growth	5½	58.65	59.26	63.21	+0.10	[illegible]
Managed	5½	51.15	51.82	55.27	-0.41	3.0
UK Growth	5½	41.52	42.20	44.99	-0.77	[illegible]
Standard Chartered Equitor (1200)F						
69 Old Broad Street, EC2M 1QS 071-280 6521						
Mngd Exempt Acc	3	175.3	177.0	184.3	-1.8	3.43
Do Income	3	162.8	164.4	171.2	-1.6	3.43
Standard Life Tst Mgmt Ltd (0730)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5½	33.01	33.01	35.08	-0.3	2.45
UK Equity Gth Acc	5½	44.57	45.43	48.27	-0.4	1.96
UK Eq High Inc Inc	5½	[illegible]	26.41	28.07	-0.2	5.60
UK Eq High Inc Acc	5½	[illegible]	[illegible]	[illegible]	[illegible]	5.60
UK Equity Gen Acc	5½	43.05	43.82	46.56	-0.3	3.48
UK Equity Gen Inc	5½	33.32	33.91	36.03	-0.2	3.48
UK Larger Co Acc F	7½	285.5	289.5	314.2	-1.0	4.88
UK Larger Cos Inc F	7½	226.3	229.5	249.1	-3.2	4.88
Gilt & Fxd Int Inc	5½	28.73	28.80	30.46	-0.2	7.23
O'sea Lrg Cos Acc F	7½	183.2	186.2	202.1	-1.4	1.89
Nth American Acc	5½	30.47	30.59	32.51	-0.2	1.03
Far East Acc F	5½	33.89	33.89	36.01	...	0.25
European Acc	5½	31.60	32.81	34.87	...	1.63
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ¥	5	240.1	240.1	254.7	-3.0	0.94
(Accum Units) ¥	5	282.6	282.6	301.0	-3.5	0.94
British	5	[illegible]	722.0	763.9	-10.2	7.04
(Accum Units)	5	[illegible]	1245.5	1317.7	-17.6	7.04
European	5	317.8	317.8	338.5	-0.9	1.43
(Accum Units)	5	344.5	344.5	366.9	-1.0	1.43
Japan	5	87.86	87.86	93.51	+0.66	-
(Accum Units)	5	88.56	88.56	94.26	+0.67	-
New Pacific	5	184.8	184.8	197.8	+1.5	1.79
(Accum Units)	5	192.0	192.0	205.5	+1.5	1.79
Investment Tst	5	124.1	126.7	134.3	-0.9	2.52
Mngd Equity	5	115.4	116.7	123.5	-1.1	2.21

	Bid Price	Offer Price	+ or -	Yield Grs
Robert Fleming Asset Mngmt Ltd				
Am Exempt	£426.99	433.26	-5.13	1.45
Gen Exempt	£115.11	117.57	-1.21	4.49
Jap Exempt	£334.73	340.73	-5.27	1.29
Pacific Exempt	[illegible]	[illegible]	-0.03	2.04
Contl Euro Exempt	£94.74	96.34	+0.29	2.70
[illegible]	£114.90	117.84	...	5.11
[illegible]	£95.15	97.115	...	2.93
[illegible]	£45.26	46.17	-	0.98
[illegible]	£86.74	88.49	...	[illegible]
O'seas Indxd Expt Sep 3	£85.24	87.09	...	2.40
Foreign & Colonial Unit Management Ltd				
Balanced Acc Sep 8	143.6	149.5	-4.4	4.13
[illegible]	143.6	149.5	-4.5	4.13
Funds in Court*				
Capital Aug 27	446.08	449.45	-	3.90
Gross Aug 27	163.91	165.23	-	12.71
High Yield Aug 27	259.44	261.51	-	9.43
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	48.82	49.82	-0.54	4.01
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'Folio	1027.0	1100.0	...	-
Mngd Pens (Acc)	63.5	67.7	...	-
Lazard Brothers & Co. Ltd				
Property Sep 3	£2125.0	2250.0	-100.0	7.00
Inc Exh Prp Apr 22	£1375.0	1500.0	...	8.90
Lazard Investors Ltd ‡‡				
Exempt Funds				
Small Co's Sep 9	£3643.8	3714.5	-9.40	3.97
European Sep 9	£559.8	565.7	+10.80	2.02
American Sep 9	£308.0	310.5	+0.80	1.93
Japan Sep 9	£377.6	383.4	+14.80	1.70
Pacific Sep 9	£126.9	129.8	+1.30	1.94
W Midlands Jul 31	£119.30	135.90	...	2.69
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 071-588 1815				

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

Pearl Assurance (Unit Funds) Ltd
Lynch Wood Peterborough PE2 6FY 0733 470470

	Bid Price	Offer Price	+ or -	Yield Gross
Property Dist (Gross)	135.1	142.2	-	-
Property Acc. (Gross)	257.4	270.9	..	-
Equity (Gross)	790.0	831.6	-14.1	-
Managed (Gross)	570.2	600.3	-6.9	-
Property Acc. (Net)	123.0	129.5		-
Equity (Net)	184.9	194.7	-2.9	-
Adventurous Managed	87.6	92.2	+0.1	-
Managed (Net)	176.4	185.7	-1.9	-
Cautious Managed	96.8	101.9	-0.1	-
International (Net)	153.6	161.7	-0.1	-
Gilt & Fixed Interest	141.4	148.9	-1.4	-
Money Fund	141.6	149.1		-
Mixed Fund (Cap)	108.7	114.5		-
Mixed Fund (Acc)	113.5	119.5		-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	619.0	651.6	-6.5	-
Ret Man (Series 2)	209.9	221.0	-2.2	-
Ret Cash	200.7	211.3	+0.1	-
Pens Mixed Fd (Cap)	119.9	126.3		-
Pens Mixed Fd (Acc)	125.1	131.7		-
Pens Stlg Fd (Cap)	104.7	110.3		-
Pens Stlg Fd (Acc)	109.4	115.2		-

Premium Life Assurance Co Ltd
37–39, Perrymount Road Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	118.0	125.0		-
Building Soc. Fd	225.0	237.0		-
Balanced	242.0	255.0	-1.0	-
European	198.0	209.0	-1.0	-
GT Managed	170.0	179.0		-
Gartmore Mngd	113.0	119.0		-
German	123.0	130.0	-1.0	-
Gilt	161.0	170.0	-3.0	-
Global	35.0	37.0		-
International Equity	176.0	186.0		-
Japan	150.0	158.0	+2.0	-
Leisure	47.0	50.0		-
Managed	38.0	40.0		-
Property	287.0	303.0		-
UK Equity	215.0	227.0	-1.0	-
Pension Funds				
American	231.0	244.0		-
Building Soc. Fd	243.0	256.0		-
Balanced	205.0	216.0	-1.0	-
European	219.0	231.0	-1.0	-
German	122.0	129.0	-1.0	-

Prudential Corporate Pension Funds
1 Stephen St, London W1P 2AP 071-548 3281

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Managed Funds				
Discretionary Sep 2	£171.16	176.60		-
Equity Sep 2	£193.58	200.21		-
International Sep 2	£24.63	25.32		-
Intl Bond Sep 2	£13.89	14.07		-
Fixed Int Sep 2	£103.83	105.01		-
Index Linked Sep 2	£73.20	74.13		-
Property Sep 2	£110.37	116.43		-
Cash Sep 2	£31.3242	31.3242		-
Pru-Linked Retirement Plan				
Managed Sep 1	409.5	426.6		-
Cash Sep 1	287.7	299.7		-
Prudential Pensions Investment Account				
Pens Mngd Sep 10	165.0	177.3	-1.8	-
Pens UK Eq Sep 10	284.9	307.2	-5.4	-
Pens Intl Sep 10	181.9	195.0	+1.2	-
Pens Global Eqty Sep 10	90.9	95.7	-0.9	-
Pens Fixed Sep 10	240.0	253.3	-1.6	-
Pens Index Lk Sep 10	188.8	199.4	-0.8	-
Pens Property Sep 10	90.1	94.9		-
Pens Cash Sep 10	187.9	197.9		-
Money Purchase Plan				
Discretionary Sep 9	92.6	99.4	-0.9	-
Equity Sep 9	95.6	102.8	-1.3	-
International Sep 9	79.2	84.7	-0.5	-
Global Equity Sep 9	90.4	97.1	-1.0	-
Intl Bond Sep 9	94.9	99.9	-0.2	-
Fixed Interest Sep 9	111.7	117.3	-0.6	-
Index Linked Sep 9	99.7	105.0	-0.3	-
Property Sep 9	99.7	109.3		-
Cash Sep 9	107.1	112.5	+0.1	-

Prudential Individual Life Funds
1 Stephen St, London W1P 2AP 071-548 3287

	Bid Price	Offer Price	+ or -	Yield Gross
Series I Life Funds				
Managed	547.8	576.7	-3.1	-
Equity	1108.2	1166.6	-11.9	-
Fixed Interest	490.4	516.3	-5.1	-
Property	390.9	411.5		-
Cash	349.4	367.8	+0.1	-
International	367.3	386.7	+1.5	-
Series II Life Funds				
Managed	529.6	557.5	-3.1	-
Equity	1068.6	1124.9	-11.5	-
International	355.3	374.0	+1.5	-
Fixed Intl	471.2	496.0	-5.0	-
Property	375.7	395.5		-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

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FT MANAGED FUNDS SERVICE

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gartmore Fund Managers (IoM)						
PO Box 52 Douglas, IoM 0624 627610						
Intl Grth	5¼	452 0	452 0	485 5	+0 2	0 9
Leopold Joseph Fund Mngrs (IoM) Ltd						
PO Box 52 Athol St Douglas IoM 0624 661020						
LJ International	5¼	84 13	84 13	90 43	-0.75	-
Mercury Fund Managers IoM Ltd						
11 Hill Street, Douglas IoM 0624 662255						
Merc IoM Fund	5	95 9½	95 9½	102 4	-1.2	6.5
Merc Intl Bond	5	50 77	50 77	53.39	-0.14	8.2
Sun Life Management (IoM) Ltd						
PO Box 178 Douglas, IoM 0624 622444						
Secure High Income	6	1.0316	1.0316	1.1059		9.34
Unibank Scandinavian Fund Ltd						
19-21, Circular Rd, Douglas, IoM 0624 629420						
Scandinavia Fd	5	-	116 96	124 61		1 0

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equitilink International Mngt Ltd						
First Aust Prime Inc Inv Co Ltd NAV Aug 27 C$12.26xd						
First Aust Prime Inc Inv Co Ltd NAV Aug 27 US$10 27xd						
NAV Diluted to reflect exercise of all Wrrts C$12 10xd US$10 13xd						
Fidelity Investment (CI) Ltd						
Sterling American			£2 477	2 607	-0 011	-
Fleming Group						
Robert Fleming Management (Jersey) Ltd						
Castelinvest Inv Co Inc			$9 46			-
Deutschland Inv Co NAV			DM16.53			-
Foreign & Colonial Mngt (Jersey) Ltd						
Hypo Foreign & Colonial Reserve Asset Fd Ltd						
US$ Cash			$10 83		+0.02	-
Sterling Cash			£12 24		-0 01	-
US$ Bonds			$15 63		+0 04	-
Multicurrency Bonds			$21 52		+0 10	-
Sterling Bonds			£13 39		-0.08	-
D Mark Bonds			DM10.75		+0.03	-
Ecu Bonds			Ecu11 53			-
UK Equities			£9 57		-0 14	-
US Equities			$16.59		-0 06	-
Japanese Equities			Y616		-6 0	-
Contl Euro Equities			DM15.36		-0 04	-
UK Negative Equities			£14.01		+0.19	-
US Negative Eq.			$10 04		+0 04	-
Japanese Negative Eq.			Y1009		+4 0	-
Cont Eur Negative Eqs			DM-			-
UK Geared Equities			£9.47		-0.27	-
US Geared Equities			$-			-
Japanese Geared Eqs.			Y1099		-0.25	-
Contl Euro Geared Eqs			DM10.08		-0 04	-
Gold			$10.58		+0 11	-
John Govett Management (Jersey) Ltd						
[illegible]			$9.91			-
[illegible] NAV Sep 4			$7.96			-
Paragon Fd NAV Aug 28			$10 89			-
Paragon Redemption			$10.25			-
Hungarian Inv Co Jul 31			104.55			-
INVESCO MIM International Limited						
All Funds deal daily except where indicated.						
Sterling Denominated Income Funds						
American Equity Inc			£1.378	1 479	+0.002	3.20

ISLE OF MAN (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
ATC Fund Management (SG) Ltd				
SG International	$10 81			-
AXA Equity & Law Intl Fund Mgs				
European Equity	143 14	150 65	-0 42	-
Far Eastern Equity	$2.2815	2.4012	-0 0015	-
North Amer Equity	$1.7030	1.7924	+0 0036	-
UK Equity	149 59	157 44	-0.96	-
Global Equity	102.43	107.80	-0.42	-
UK Gilt & Fxd Int.	99.97	105.21	-0.39	-
Dollar Deposit	$0.9808		+0 0001	-
Sterling Deposit	£101.03		+0.02	-
Managed Currency	89.29	93 97		-
Appleton Financial Advisors Ltd				
Appleton Capital Trust	94.0	101.0		-
CMI Fund Mngrs (IOM)				
Traders Fund Ltd	$16.83	18.20	-0 0021	-
*Dealings Wednesday				
City Financial Admin (IoM) Ltd				

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Mortgage	C$18 96	19 92	+0 07	9 46
North American	$11 65	12.24	-0 05	-
Overseas	$13 60	14.29	-0 04	-
Tiger	$12 13	12.74	+0 28	-
The Vietnam Fund Limited				
Lloyds Bank Fund Managers (Guernsey) Ltd				
NAV Aug 31	$10 00			-
Wardley Investment Services Ltd				
Wardley S E Asia Tst.	$15.29	16.24	+0 05	0.88
Japanese Warrants	$2.62	2 78	-0 08	-
Asian Warrants	$9 67	10.24	-0.12	-
European Warrants	$4.98	5 28	+0 06	-
Managed	HK$11.20	11.86	+0 07	-
Private Capital Tst.	$20.50		+0 07	-
China Fund	$10 00			-
Wellington Fd Mngrs (Bermuda) Ltd				
Intl Growth Fd	$13 50	14 18	+0.11	-
Wells Fargo U.S. IT Fund				
Wells Fargo A Shs (z)	$11 66		+0 07	-
Wells Fargo B Shs (z)	$11.67		+0 09	-
Worldwide Limited				
NAV Jul 31	$92 60			-
Xiphias International Investment Fd Ltd				
Xiphias Int USD	$1.0928			-
Xiphias Int ECU	Ecu0 9766			-
Yamaichi Capital Mngmt (Guernsey) Ltd				
Thai Inv Fund	$10 73			-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U S dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. n Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. ✠ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase after dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey Financial Services Commission, Ireland: Central Bank of Ireland, Isle of Man: Financial Supervision Commission, Jersey: Commercial Relations Department, Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar gains on rate rise

THE DOLLAR regained ground against the D-Mark yesterday after Sweden's central bank raised interest rates to 75 per cent to support the krona, *writes James Blitz.*

However, in spite of the dollar's rise, pressure on sterling and the Italian lira remained intense in a very nervous market. In later American trading, the Bundesbank, UK Treasury and Bank of Italy were all forced to deny rumours that there would be a realignment of currencies in the European exchange rate mechanism or that either the pound or lira would be devalued.

The extraordinary rise in the Bank of Sweden's marginal interest rate negated the effects of Finland's devaluation the day before. The Bank of Finland devalued the markka by 13 per cent on Tuesday, triggering large-scale selling of the Finnish currency and the Swedish krona, and the buying of D-Marks and Swiss francs.

The Swedish authorities have pegged the krona to the Ecu to strengthen their application for EC membership, and they underlined the policy yesterday with the rise in rates. But they could do little more than staunch the selling of their currency: it ended slightly firmer at around SKr3.6580 to the D-Mark, against Tuesday's SKr3.6620.

Sweden's move prompted some caution about the rise of the D-Mark and induced some dollar buying. After touching a low of DM1.3890 in American trading the night before, the dollar moved up to a high of DM1.4115 and closed in London at DM1.4110. In New York it finished yesterday at DM1.4140.

European currencies were depressed against the D-Mark after the Bundesbank drained a surprisingly large amount of liquidity from the German money market, pushing rates close to the Lombard level and renewing fears of an interest rate rise.

In later American trading, both the pound and the Italian lira came under renewed pressure after a Bundesbank source was quoted in the market as saying that the lira, peseta and sterling were all "candidates for devaluation". At one stage, the pound was trading at DM2.7808 and the lira at L765.0. The UK Treasury again issued a statement saying that no ERM currency was seeking a realignment, while the Bank of Italy said it would not devalue its currency.

In London, the pound had closed unchanged at DM2.7875, while the lira finished at L763.2 per D-Mark, up from a previous close of L764.3.

Mr Paul Chertkow, head of global currency trading at UBS Phillips & Drew, said the Swedes would find it hard to resist devaluing at some stage. "By devaluing the Finnish markka by so much over the last year, the Finns have gained significantly over Sweden in terms of exporting their forestry products," he added.

£ IN NEW YORK

Sep 9	Close	Previous Close
£ Spot	1.9720-1.9730	2.0040-2.0050
1 month	1.22-1.21pm	1.26-1.24pm
3 months	3.55-3.53pm	3.51-3.43pm
12 months	13.2-13.1pm	13.1-13.0pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Sep 9	Previous
8.30 am	92.2	92.3
9.00 am	92.3	92.4
10.00 am	92.3	92.4
11.00 am	92.2	92.4
Noon	92.2	92.4
1.00 pm	92.2	92.4
2.00 pm	92.1	92.4
3.00 pm	92.1	92.4
4.00 pm	92.0	92.4

CURRENCY MOVEMENTS

Sep 9	Bank of England Index	Morgan Guaranty Changes %
Sterling	92.0	−19.9
U.S. Dollar	58.8	−20.6
Canadian Dollar	96.0	−4.6
Austrian Schilling	112.4	+13.6
Belgian Franc	114.2	−0.2
Danish Krone	112.8	+5.8
D-Mark	123.0	+28.5
Swiss Franc	[illegible]	+30.3
Dutch Guilder	117.5	+18.9
French Franc	106.6	−10.4
Lira	100.0	−19.2
Yen	139.0	+76.6
Peseta	108.0	−18.1

Morgan Guaranty changes average 1980-1982 = 100. Bank of England Index (Base Average 1985 = 100). *Rates are for Sep 8

CURRENCY RATES

Sep 9	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	–	0.742885	0.727164
U.S. Dollar	3.00	1.46577	1.44197

OTHER CURRENCIES

*Floating rate. Iran Official rate £122.95 562.60

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 9	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	131.623	−1.50	5.93	[illegible]
D-Mark	2.05586	2.02741	−1.38	5.81	94
Belgian Franc	42.4032	41.8278	−1.36	5.78	40
Dutch Guilder	2.31643	2.28595	−1.32	5.73	39
Portuguese Escudo	178.735	177.968	−0.43	4.79	6
Irish Punt	0.767417	0.765334	−0.27	4.63	−12
Danish Krone	7.84195	7.83060	−0.14	4.49	−10
French Franc	6.89509	6.90342	0.12	4.22	−36
Italian Lira	1538.24	1549.83	0.75	3.56	−63
Sterling	0.696904	0.727164	4.34	0.00	−85

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times

POUND SPOT - FORWARD AGAINST THE POUND

Sep 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9740 - 1.9940	1.9745 - 1.9755	1.23-1.21cpm	7.41	3.56-3.53pm	7.18
Canada	2.3930 - 2.4180	2.4005 - 2.4015	1.19-1.10cpm	5.62	3.42-3.33pm	5.62
Netherlands	3.1350 - 3.1525	3.1350 - 3.1450	⅛-parcpm	0.24	⅝-⅜pm	0.64
Belgium	57.35 - 57.65	57.40 - 57.50	4-1cpm	0.52	12-7cm	0.66
Denmark	10.7550 - 10.7925	10.7550 - 10.7650	¾-1¾oredis	−1.25	2½-3½dis	−1.05
Ireland	1.0490 - 1.0555	1.0500 - 1.0510	0.06-0.03cpm	0.51	0.11-0.05pm	0.30
Germany	2.7825 - 2.7975	2.7850 - 2.7900	¼-⅛pfpm	0.81	⅝-⅛pm	0.45
Portugal	243.50 - 245.00	244.00 - 245.00	120-145cdis	−6.50	380-345dis	−5.11
Spain	180.60 - 181.75	180.85 - 181.15	53-58cdis	−3.68	148-159dis	−3.36
Italy	2125.00 - 2134.75	2126.50 - 2127.50	15-18lirecis	−9.31	32-35dis	−6.30
Norway	11.0025 - 11.0625	11.0050 - 11.0150	6⅛-6⅝oredis	−7.15	8⅝-9⅝dis	−3.25
France	9.4800 - 9.5300	9.4900 - 9.5000	par-⅛cdis	−0.16	par-⅛dis	−0.08
Sweden	10.1700 - 10.2350	10.1700 - 10.1800	10-15oredis	−14.74	18-24dis	−8.26
Japan	242.75 - 246.00	242.75 - 243.75	1⅜-1⅛ypm	6.47	3⅞-3⅝pm	6.27
Austria	19.58 - 19.67	19.59 - 19.62	1½-⅛grpm	0.54	4½-2⅛pm	0.69
Switzerland	2.4650 - 2.4775	2.4650 - 2.4750	⅝-⅜cpm	2.43	1⅝-1⅛pm	2.53
Ecu	1.3730 - 1.3820	1.3780 - 1.3790	0.15-0.20cdis	−1.52	0.32-0.39dis	−1.03

Commercial rates taken towards the end of London trading. Six-month forward dollar 7.03-6.98pm. 12 Month 13.30-13.20pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Sep 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9740 - 1.9940	1.9745 - 1.9755	1.23-1.21cpm	7.41	3.56-3.53pm	7.18
Ireland†	1.8790 - 1.8900	1.8820 - 1.8830	1.26-1.23cpm	7.94	3.53-3.46pm	7.43
Canada	1.2015 - 1.2150	1.2135 - 1.2145	0.15-0.18cdis	−1.63	0.42-0.45dis	−1.43
Netherlands	1.5725 - 1.5910	1.5895 - 1.5905	0.92-0.95cdis	−7.06	2.60-2.65dis	−6.60
Belgium	[illegible] - 29.15	29.05 - 29.15	16.00-18.00cdis	−7.01	46.00-49.00dis	−6.53
Denmark	5.3950 - 5.4500	5.4450 - 5.4500	3.75-4.05oredis	−8.59	11.00-11.60dis	−8.30
Germany	1.3940 - 1.4120	1.4105 - 1.4115	0.81-0.85pfdis	−6.93	2.30-2.32dis	−6.55
Portugal	122.70 - 123.55	123.20 - 123.30	155-170cdis	−15.82	395-425dis	−13.31
Spain	91.05 - 91.65	91.45 - 91.55	83-87cdis	−11.15	235-245dis	−10.49
Italy	1066.00 - 1078.00	1076.75 - 1077.25	19.00-23.00liredis	−23.40	42.00-48.00dis	−16.71
Norway	5.5200 - 5.5825	5.5725 - 5.5775	4.60-4.90oredis	−10.22	12.60-13.20dis	−9.26
France	4.7450 - 4.8125	4.8050 - 4.8100	3.01-3.06cdis	−7.55	8.69-8.72dis	−7.27
Sweden	5.0975 - 5.1625	5.1500 - 5.1550	5.45-5.70oredis	−12.98	14.75-15.30dis	−11.66
Japan	122.50 - 123.25	123.15 - 123.25	0.12-0.13ydis	−1.22	0.24-0.25dis	−0.80
Austria	9.8225 - 9.9175	9.9100 - 9.9150	5.45-5.80grodis	−6.81	15.70-16.70dis	−6.54
Switzerland	1.2330 - 1.2520	1.2505 - 1.2515	0.49-0.52cdis	−4.84	1.41-1.44dis	−4.56
Ecu	1.4320 - 1.4505	1.4355 - 1.4365	1.07-1.05cpm	8.86	2.94-2.91pm	8.15

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Sep 9	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	9⅞ - 9⅝	9⅞ - 9½	10⅛ - 10⅛	10½ - 10⅜	10⅞ - 10⅜	10⅝ - 10⅝
US Dollar	3⅛ - 3	3⅛ - 3	3⅛ - 3⅛	3⅛ - 3⅛	3⅛ - 3⅛	3⅛ - 3⅛
Can. Dollar	4⅞ - 4⅞	4⅞ - 4⅞	4⅞ - 4⅞	4⅞ - 4⅞	4⅞ - 4⅞	4⅞ - 4⅞
Dutch Guilder	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞
Swiss Franc	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞
D-Mark	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞

EXCHANGE CROSS RATES

	£	$	DM	YEN	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
£	1	1.975	2.787	243.2	9.495	2.470	3.140	2127	2.401	57.45	181.0	1.378
$	0.506	1	1.411	123.1	4.808	1.251	1.590	1077	1.216	29.09	91.65	0.698
DM	0.359	0.709	1	87.26	3.407	0.886	1.127	763.2	0.861	20.61	64.94	0.494
YEN	4.112	8.121	11.46	1000	39.04	10.16	12.91	8746	9.873	236.2	744.2	5.666
F Fr.	1.053	2.080	2.935	256.1	10	2.601	3.307	2240	2.529	60.51	190.6	1.451
S Fr.	0.405	0.800	1.128	98.46	3.844	1	1.271	861.1	0.972	23.26	73.28	0.558
N Fl.	0.318	0.629	0.888	77.45	3.024	0.787	1	677.4	0.765	18.30	57.64	0.439
Lira	0.470	0.929	1.310	114.3	4.464	1.161	1.476	1000	1.129	27.01	85.10	0.648
C$	0.416	0.823	1.161	101.3	3.955	1.029	1.308	885.9	1	23.93	75.39	0.574
B Fr.	1.741	3.438	4.851	423.3	16.53	4.299	5.466	3702	4.179	100	315.1	2.399
Pta	0.552	1.091	1.540	134.4	5.246	1.365	1.735	1175	1.327	31.74	100	0.761
Ecu	0.726	1.433	2.022	176.5	6.890	1.792	2.279	1544	1.742	41.69	131.3	1

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100: Peseta per 100

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
104	3.08	-	-	0.59	0.65	-
105	2.31	-	-	0.84	-	-
106	1.66	2.20	-	1.13	1.21	-
107	1.09	1.67	-	1.57	1.70	-
108	0.70	1.18	-	-	-	-
Open Int.	297,036	61,681	-	175,901	43,673	-

Estimated volume 65,684 † Total Open Interest 568,191
† All Yield & Open interest figures are for the previous day.

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9750	1.9628	1.9396	1.9050	1.8425

BASE LENDING RATES

	%		%		%
Adam & Company	10	Crédit Lyonnais	10	McDonnell Douglas Bnk	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Dao Heng Bank Plc	11	Mount Banking	10
● Henry Ansbacher	10	Duncan Lawrie	10	NatWestminster	10
B & C Merchant Bank	10.5	Equatorial Bank plc	10	Northern Bank Ltd	10
Bank of Baroda	10	Exeter Bank Limited	10.5	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	Financial & Gen. Bank	10	Provincial Bank PLC	14
Bank of Cyprus	10	● Robert Fleming & Co.	10	● Rea Brothers	10
Bank of Ireland	10	Robert Fraser & Ptnrs.	10.5	Roxburghe Bank Ltd.	11
Bank of India	10	Girobank	10	Royal Bk of Scotland	10
Bank of Scotland	10	● Guinness Mahon	10	● Smith & Williamson Secs.	10
Banque Belge Ltd	10	Habib Bank AG Zurich	10	Standard Chartered	10
Barclays Bank	10	● Hambros Bank	10	TSB	10
Brit Bk of Mid East	10	Hampshire Trust Plc	13.5	Unibank plc	10
● Brown Shipley	10	Heritable & Gen Inv Bnk	10	● United Bk of Kuwait	10
CL Bank Nederland	10	● Hill Samuel	10	Unity Trust Bank Plc	10
Citibank NA	10	C. Hoare & Co.	10	Western Trust	10
City Merchants Bank	10	Hongkong & Shanghai	10	Whiteaway Laidlaw	10
Clydesdale Bank	10	Julian Hodge Bank	10	Yorkshire Bank	10
Co-operative Bank	10	● Leopold Joseph & Sons	10	● Members of British Merchant Banking & Securities Houses Association.	
Coutts & Co	10	Lloyds Bank	10		
		Meghraj Bank Ltd	10		

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

MONEY MARKETS

Futures fall again

STERLING futures again fell sharply yesterday after Sweden raised its marginal interest rate to 75 per cent and the Bundesbank drained the German money market of much more liquidity than had been expected.

For the second day running, futures reflected profound uncertainty over the prospects for UK base rates. In recent days, several dealers have said that a rate rise could happen even if the French vote Yes to the Maastricht treaty in their referendum next Sunday.

UK clearing bank base lending rate
10 per cent
from May 5, 1992

In part, that is because the Bundesbank's intentions on the Lombard rate remain uncertain. Mr Helmut Schlesinger, the German central bank's president, tried to soothe markets at the weekend by saying that there could be no rise "in current circumstances".

Yesterday, however, the Bundesbank drained a huge DM17bn from the banking system, pushing call money up to 9.70 per cent, fractionally below the Lombard rate level of 9.75 per cent. If call money rises above the Lombard rate, the Bundesbank could be forced to lift interest rates to keep a tighter control on the market.

Sweden's massive rate rise has also worried traders because it shows the lengths to which a European country will go to protect its currency from the mighty D-Mark. The Swedish move throws the spotlight on the UK as the one EMS country which has not adjusted rates to support its currency.

These fears pushed the December contract down 27 basis points from its previous close yesterday to a low of 89.19. It later recovered fractionally to finish at 89.24. Period rates in the cash market rose in thin trading. Three-month money finished ¼ percentage point firmer on the offered side at 10$\frac{5}{16}$ per cent.

In the morning, the Bank of England forecast a shortage of £800m. In early operations, the Bank purchased £67m of Band 3 bank bills at 9¾ per cent and £239m of Band 4 bank bills at 9$\frac{11}{16}$ per cent.

The forecast was later revised up to £900m and the Bank purchased £11m of Band 1 bank bills at 9¾ per cent, and £450m in a repurchase agreement at 9$\frac{13}{16}$ per cent. The forecast was revised to £1.05bn and the Bank purchased £10m of Band 1 bank bills. Late assistance was £40m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep.9) 3 months US dollars		6 months US Dollars	
bid 3⅛	offer 3¼	bid 3⅛	offer 3¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

4pm

		Treasury Bills and Bonds			
Prime rate	6	One month	2.92	Three year	4.35
Broker loan rate	5	Two month	3.07	Five year	5.27
Fed funds	3	Three month	2.98	Seven year	5.82
Fed funds at intervention	3¼	Six month	3.04	10-year	6.34
		One year	3.18	30-year	7.26
		Two year	3.87		

Sep.9	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.65-9.75	9.70-9.80	9.70-9.80	9.75-9.85	9.75-9.85	9.75
Paris	9¾-10	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	10½-10⅝	9.60
Zurich	7¼-7¾	7⅞-8	-	7⅞-8	-	-
Amsterdam	9.62-9.75	9.75-9.85	-	9.75-9.85	-	-
Tokyo	4⅛-4⅞	4⅛-4⅛	-	4-4⅛	-	-
Milan	17⅛-18	23½-23¾	-	17⅞-19⅞	-	-
Brussels	9⅞-9⅞	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	9¼-9⅞	10⅛-10⅛	10⅛-10⅞	10⅞-10⅞	10⅛-10⅛	-

LONDON MONEY RATES

Sep 9	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11	9⅞	10⅛	10⅜	10⅛	10⅜
Interbank Bid	9	9⅝	10	10⅛	10½	10½
Sterling CDs	-	-	10⅛	10⅛	10⅞	10⅞
Local Authority Deps.	9⅞	9⅞	9⅞	10⅛	10⅛	10⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	9½	9⅞	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	10	10⅛	10⅝	10⅝
Treasury Bills (Buy)	-	-	9⅝	9¾	9¾	-
Bank Bills (Buy)	-	-	9⅞	9⅞	9¾	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.00	3.00	3.03	3.12
SDR Linked Dep. Offer	-	-	6⅛	6⅜	6⅜	6⅜
SDR Linked Dep. Bid	-	-	6	6½	6½	6½
ECU Linked Dep. Offer	-	-	11½	11⅛	11⅛	11
ECU Linked Dep. Bid	-	-	10⅞	10⅞	10⅞	10⅞

Treasury Bills (sell); one-month 9⅛ per cent; three months 9⅝ per cent; six months 9⅝ per cent; Bank Bills (sell); one-month 9$\frac{13}{16}$ per cent; three months 9$\frac{13}{16}$ per cent. Treasury Bills; Average tender rate of discount 9.5879. ECGD Fixed Rate Sterling Export Finance. Make up day August 28, 1992. Agreed rates for period Sep 23, 1992 to October 25, 1992, Scheme I 11.38 p.c. Schemes II & III: 11.66 p.c. Reference rate for period August 1, 1992 to August 28, 1992, Scheme IV&V 10.379 p.c. Local Authority and Finance Houses seven days' notice, others seven days fixed. Finance Houses Base Rate 10½ from September 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6), Deposit £100,000 and over held under one month 6½ per cent; one-three months 9 per cent, three-six months 9 per cent, six-nine months 8½ per cent, nine-twelve months 8½ per cent; Under £100,000 7 per cent from May 6, 1992. Deposits withdrawn for cash 5 per cent.

JOTTER PAD

CROSSWORD

No.7,947 Set by GRIFFIN

ACROSS

1 Taxi driver certainly won't get rid of rubbish here! (6,3)
6 So takes to a disciple of Zeno (5)
9 Run round deck having lost dead lizard (5)
10 Neil tries making elastic (9)
11 Scolded after note during ceremony's repeated (10)
12 Drug addict got exercise right (4)
14 Gets off when outside fair (7)
15 Falls for artist after returning again (7)
17 Bright coating on a chopper (7)
19 Pheasant takes seed to fellow bird (7)
20 Elizabeth removed employer's pig-food (4)
22 Paints where pegs are found? (10)
25 Shapeless old lady rejected change in our shop (9)
26 Some novel items will be chosen (5)
27 Give up suggesting why eccentric lied (5)
28 Tim's under orders to provide elements (9)

DOWN

1 Mobile grocer caught missing man (5)
2 Copy a hundred families travelling around (9)
3 Push inside vessel with own tool (10)
4 Three pointlessly silly sad yarns (7)
5 Bill has name for back door (7)
6 Selling by turning up like the French (4)
7 Starts entering very big enclosure (5)
8 Cry of cat running at a curlew (9)
13 Laugh about a boy dressing (5,5)
14 Go with accountant backing firm (9)
16 After a party limit making love (9)
18 Managed to get officer on tour to forget spite (7)
19 Excuses journalist as satisfied (7)
21 Wrap up a great deal before Easter starts (5)
23 Appears to provide sound joints (5)
24 One not noticed when rushed (4)

Solution to Puzzle No.7,946

INFIDEL PEGASUS
DRAIN VILLAGERS
CAMERAMAN DUNCE
SABOT TATTOOIST
BLEMISHES ENTER
CIVIL GYMNASIUM
REPUGNANT TRACK
MARITAL HASBEEN

WORLD STOCK MARKETS

AUSTRIA

September 9	Sch	+ or −
Austrian Airlines	1,860	+30
Creditanstalt Pf	392	−12
EA General	2,455	−65
EVN	755	−7
Jungbunzlauer	15,300	−200
OeMV	682	−8
Perlmooser Zement	1,130	....
Radex Heraklith	433	−10
Reininghaus Brue	1,105	....
Steyr Daimler	188	+2
Veitscher Magnesit	311	−12
Verbund (Br) A	427	−6
Wienerberger	3,340	−60
Z-Laenderbank	990	+10

BELGIUM/LUXEMBOURG

September 9	Frs.	+ or −
AG Group	1,710	....
Ackermans	2,705	−25
Almanij	5,510	....
Arbed	3,170	....
BBL	3,275	+80
Bank Intl a Lux	11,500	...
Banq Gen Lux Pu	11,800	....
Bekaert	10,800	+25
CBR Ciment	7,400	+50
CMB	1,640	−30
Cobepa	4,350	+30
Cockerill Priv	136	−1
Colruyt	4,420	+70
Delhaize Frs Lion	1,500	−15
Electrabel	4,705	+40
Electrabel AFV1	4,600	+55
Electrafina ACT	2,310	....
GBL	2,520	....
GBL AFV 1	2,435	−15
GIB Group	1,304	−4
Gechem	254	....
Generale Banque	6,480	+30
Gevaert	6,150	....
Glaverbel	3,540	−10
Immobel	2,470	−30
Kredietbank	4,565	−10
Kredietbank AFV	4,560	−15
Mecaniver	5,500	....
Mosane	1,366	....
Pan Holding Lux	11,800	....

FRANCE (continued)

September 9	Frs.	+ or −
Carrefour	2,092	−8
Casino	140.80	−4
Cetelem	765	−10
Chargeurs	1,136	−7
Club Mediterranee	399.80	+3.80
Cogifi	310.50	..
Coparex Intl	582	....
CCF	175	+0.70
Cr Fonc France	767	−15
Cred Lyon (CI)	499	+4
Credit National	855	−8
Damart	2,948	−32
Docks de France	369	−16.10
Dollfus Mieg Cie	306	+4.40
EBF	800	...
Eaux Cie Genl	2,175	−62
Ecco	391	−1
Elf Aquitaine	332.90	+3.90
Elf Aquitaine Certs	220	....
Elf Sanofi	1,087	+17
Eridania B-Say	625	−15
Eridania B-Say Ci	471.50	−3.50
Essilor Int	395.90	+0.90
Elex	1,730	−25
Eurafrance	1,105	−7
Euro RSCG	565	−13
Euro Disney	79.65	−2.95
Finextel	97	−1
Fonc Lyonnaise	581	−4
From C et Auv	3,260	−30
GTM-Entrepose	390	+5
Gal. Lafayette	1,999	+37
Gaumont (Soc N)	440	....
Geophysique	675	−15
Hachette	107.20	−3.30
Havas	477	+5.90
Imetal	300.10	−5.90
Imm de France	785	+34
Immobanque	560	....
Immob Phenix	117.10	−6.40
Interball	383	−1.40
Intertechnique	612	+2
LVMH	3,835	+6
Lafarge Coppee	286.50	−5
L'Oreal	990	−1
Legrand	4,196	+21
Legris	269	+1
Lyon Eaux Dumez	522	+6

TOKYO - Most Active Stocks
Wednesday, September 9, 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Green Cross	1.4m	1,880	+150	Nippon Mining	0.6m	506	+13
Isuzu Motor	1.2m	403	+23	Meiji Seika	0.6m	860	
Meiji Milk Prod	0.9m	1,190	+50	Nomura Sec	0.4m	1,710	−10
Nippon Zeon	0.9m	785	+18	Citizen Watch	0.4m	945	+45
Koisei Electric	0.6m	819	+44	JPN Steel Works	0.4m	495	+30

4 pm close September 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	11⅞	AAR Corp	0.48	4.0	19	45	12¼	12⅛	12⅛	-⅛
26	18	[illegible]	0.18	0.8	81	228	23⅛	22⅞	22¾	+⅛
68¾	52⅝	AMP Inc	1.52	2.6	22	1669	57⅞	56½	57⅞	+1½
80¼	55	AMR				218763	59⅝	58	59⅝	+1⅞
2⅜	1⅛	ARX			18	16	1⅝	1½	1⅝	
53½	35¼	ASA	2.00	5.7	23	390	35½	d35	35	-⅛
34¼	26⅛	Abbott Lab	0.60	2.0	21	6180	30½	30	30¼	+⅛
13⅞	11⅞	Abitibi Pr	0.50	4.1	6	93	12¼	12¼	12¼	-⅛
11⅝	10⅞	ACM Gvt In x	1.08	9.5		433	11¼	11⅛	11⅛	
10⅛	9⅛	ACM G/Opp x	0.91	9.2		100	9⅞	9¾	9⅞	+⅛
9½	8½	ACM Gvt Sp x	0.89	9.4		309	u9½	9⅜	9½	+⅛
11¼	10⅝	ACM Gvt Sc	1.08	9.7		368	u11¼	11⅛	11⅛	-⅛
10⅞	8⅝	ACM Man x	0.99	9.8		222	10⅛	10⅛	10⅛	-⅛
12⅞	10½	ACM Mgsec x	1.16	10.5		333	11⅛	10⅞	11	+⅛
11⅛	4⅞	Acme Cleve	0.40	6.2	12	58	6⅝	6½	6½	-⅛
6¼	4⅜	Acme Elect			36	18	4⅞	4⅛	4⅛	
33¼	16	Acuson			10	854	16⅞	d16	16⅛	+⅛
19½	18½	Adams Expr	0.48	2.5	0	19	u19½	19¼	19⅜	
49⅛	29½	Ad Micro x	3.00	7.8		66	38⅞	38	38¼	+⅛
21½	7½	Ad Micro P	3.00	26.1		45680	11⅝	11	11½	+½
9⅛	4⅞	Advest Grp	0.16	2.8	70	15	5⅞	5⅝	5⅝	-⅛
40⅞	33	Aegon ADR x	1.68	4.2	7	256	40⅛	39¾	39⅞	-½
47	38¼	Aetna Ll	2.76	7.1	10	1368	38⅞	38⅛	38⅞	+⅛
12⅞	8⅞	Ahl A	0.24	2.2	13	784	11⅛	10⅞	11	-⅛
34	24	Allac	0.44	1.3	16	383	33⅛	32⅝	32⅞	-⅛
19⅛	14⅞	Ahmanson	0.88	5.9		62546	15	d14⅞	14⅞	
22½	5⅝	Aileen Inc			10	263	6	5⅞	5⅞	
49½	36½	Air Pr Chm	0.86	2.0	18	959	43¾	43⅛	43½	-½
29⅞	12½	Airbne Frt	0.30	2.0	29	1158	15½	15¼	15¼	-¼
34¼	22⅝	Airgas Inc			23	191	27⅞	27⅛	27⅞	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
60¼	44½	Bausch Lomb x	0.80	1.5	32	883	52¼	51	52	+1¼
40½	32⅛	Baxter x	0.86	2.5	15	7951	35⅞	34⅝	34⅞	-¼
25⅞	20¾	Bay St Gas	1.38	5.5	16	247	25⅛	25	25⅛	-⅛
25⅛	21⅞	Be Tr 1838	1.82	7.2		44	u25⅞	25¼	25¼	-⅛
19⅞	14⅞	Bear Stms	0.60	3.8		51442	15⅞	15½	15⅞	
48¼	43⅞	BearStPfA	3.25	7.0		5	u46¼	46¼	46¼	
23¼	17	Bearings	0.64	3.8	70	3	17	d17	17	
22⅞	17⅝	Beckman In	0.32	1.4	16	343	22⅞	22¼	22½	+⅛
78⅞	64⅞	Becton Dis x	1.20	1.6	15	1181	76¼	75⅝	76¼	
37½	25⅞	Belding Hy x	0.64	2.1	22	86	31¼	30¾	30¾	
49¾	40¼	Bell Atlan	2.60	5.3	14	2907	49¼	49	49¼	+⅛

Continued on next page

هكذا عن الأصل

NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld %	P/ E	Sls 100s	High	Low	Close	Ch'ge Prev.
[illegible]										
82¼	66½	Xerox x	3.00	3.9	18	736	76½	75¾	75¾	+½
56	50½	Xerox4.125 x				2	53¼	53¼	53¼	
33⅛	24⅞	Xtra 1.94	1.94	6.2		3	31½	31½	31½	
45⅞	28½	Xtra Corp	0.80	1.8	13	91	43¾	43¼	43½	+¼
30⅛	25¼	Yankee Egy x	1.66	5.5	14	19	u30¼	30	30¼	+⅛
1½	½	Zapata			25	100	1⅛	1	1	
11⅞	6⅝	ZenithElec			4	389	6¾	6½	6½	−⅛
19½	14½	Zenith Nat	1.00	5.7	8	21	17⅝	17½	17½	
7½	6	Zenix Inc	0.82	11.5		240	7⅛	7	7⅛	
13¾	10	Zero Corp	0.40	3.4	18	142	12	11⅝	11⅝	−⅛
35	27¼	Zurn Ind	0.88	2.9	33	278	30½	30¼	30¼	−¼
14⅛	12	Zweig Fund	1.12	8.7		238	12⅞	12¾	12⅞	+⅛
11	9½	Zweig Tot x	0.96	9.4		590	10⅛	10¼	10¼	−⅛

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4 pm close September 9

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
[illegible]							
Perini	0.80	21	31	11½	11¼	11½	+½
Pet Hlt P x	1.14	13	15	16⅛	15⅞	16⅛	+0.90
Phil LD	0.26	16	626	36⅞	35⅝	36⅞	
Pitway A x	1.10	16	36	31¼	30⅞	31	−¼
[illegible]							
Cal Engy		14	399	12½	12	12½	+⅛
Calprop		0	3	1⁵⁄₁₆	1⁵⁄₁₆	1	
Can Marc	0.23	9	2100	12⅛	12¼	12⅜	
Chesbis A	0.01	9	821	7⅛	7⅝	7¾	
Chambers		10	61	7⅛	7⅝	7¾	
Champion		37	32	3⅞	3¾	3¾	−⅛
Chiles		0	202	1⅝	1⅛	1⅝	+⅛
Gulf Can	0.34	5	66	4⅞	4⅞	4⅞	
Hasbro	0.20	20	1781	u32	31⅞	32	+¼
Health Ch		7	97	1⅛	d1⅛	1⅛	−⅛
HealthWst		5	5	1⅞	1⅞	1⅞	
Heico Cp	0.15	16	12	14	14	14	+⅛
Hillhaven		3	3217	2⅞	2⅛	2⅛	−⅛
NV Ryan		0	261	⅝	⅝	⅝	−⅛
Odetics A		33	45	5⅞	5⅞	5⅞	−⅛
Olsten	0.32	26	34	29½	29	29	−⅛
OMI Corp	0.14	7	z0	0	d0	6⅝	
Pall Corp	0.36	27	295	26⅞	26⅛	26⅞	+⅛
Pegasus G	0.10	38	538	u17⅞	17⅛	17⅞	−⅛
RangLab B		0	13678	⅝	½	½	−⅛
Weatherfd		17	840	6⅛	6⅛	6⅛	−⅛
Westamer	0.52	8	12	19⅛	19	19⅛	+⅛
WIRET	1.12	17	66	12⅞	12⅝	12¾	−⅛
Worthen	0.10	9	68	21¼	20⅞	20⅞	−⅛
Xytronix		7	37	7¼	7⅛	7¼	−⅛

NASDAQ NATIONAL MARKET

4 pm close September 9

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
[illegible]							
Wetterau x	0.88	13	43	30	29⅞	30	
Willmette	0.84	23	3066	36	34½	35¼	−1½
WinSonoma		78	74	11⅞	11⅝	11⅞	
Wiser Oil	0.40	520	62	15⅞	15⅝	15⅝	
Wobbe L	0.28	15	4	22	21¾	21¾	−⅛
Wolv Expl		0	21	⅛	d⅛	⅛	+⅛
WhEx WS A			10	⅛	d⅛	⅛	
Worthington	0.48	22	1129	21½	21⅛	21¼	
WPP Group	1.11	1	286	1⅛	d1⅛	1⅛	+⅛
Wyman-Gdn	0.40	4	820	5⅛	4⅞	5	+⅛
- X - Y - Z -							
Xilinx		19	6529	18	17½	17⅞	+⅝
Xoma Corp		5	1768	11	d10½	10¾	−⅛
Yellow Fr	0.94	21	298	25¾	25	25¾	−⅛
York Rsch		7	3372	7⅛	7⅛	7¼	
ZionsUtah	1.44	10	2	56¼	54½	56¼	

AMERICA

Firmer dollar leaves Dow mildly better

Wall Street

US SHARE prices posted modest gains yesterday, ending a two-day decline prompted by last week's bad August employment figures, *writes Patrick Harverson in New York.*

The Dow Jones Industrial Average ended 10.80 better at 3,271.39. The more broadly based Standard & Poor's 500 improved 1.92 to 416.36, while the American SE composite edged up 0.54 to 382.82 and the Nasdaq composite put on 1.74 to 572.91. Turnover on the New York SE came to 174m shares, and rises outpaced declines by 931 to 807.

The stock markets were aided at the opening by a firming of the dollar in overnight trading (the US currency gained almost two pfennigs against the D-Mark to just above DM1.41) and a higher Tokyo share market, but losses in European equities and slight weakness in US Treasury prices exerted a downward pull on sentiment in New York.

Johnson & Johnson fell in early trading after investors were unimpressed by the company's announcement of a new pact with Olympus for marketing, research and development in endoscopic surgery instrumentation.

The decline in the share price was probably an expression of disappointment that the significant announcement that Johnson & Johnson had promised on Tuesday failed to live up to expectations, and once that disappointment had eased the shares recovered to end a net $¼ up at $52 .

Compaq lost $1¼ to $32⅞ in heavy trading after broking house Oppenheimer cut its rating to "market perform" from "short-term buy" because of concern about possible price cuts on personal computers and the stock's recent run-up.

Campbell's Soup rose $2⅜ to $39⅝ after pleasing the market with fiscal fourth-quarter net income of 44 cents a share, up from 33 cents a year ago.

Equitable put on $⅜ to $8¾ in busy trading after the insurance group forecast that third-quarter pre-tax profits would reach $25m, a significant turnround from the loss incurred from continuing operations in the second quarter. Family Dollar firmed $⅛ to $17⅝ on news that August sales rose about 7 per cent from a year ago, and that fiscal fourth-quarter sales were up 15.5 per cent from the year-ago period.

Chemical Bank eased $1½ to $31 in early trading after securities house Salomon Brothers lowered its rating on the stock from a "buy" to a "hold" and reduced its earnings estimates for 1992 and 1993. The moves were made because credit quality costs were coming down more slowly than expected and problem loans were not improving as quickly as had been hoped.

General Motors edged ahead $⅛ to $34 in spite of warnings from industry analysts that there could be further industrial disruption at the giant car manufacturer between now and next summer, when formal negotiations with the unions over pay and job cuts begin.

Canada

AMID THE volatility in world currency markets, traders found some solace in Toronto stocks, which closed only marginally lower.

The Canadian dollar fell to a four-year low of C$1.2185 to the US unit at one point, but partly recovered to C$1.2145.

The TSE 300 index lost 2.9 at 3,449.1 after shuffling within a five-point range. Declines led advances by 281 to 259 after volume of 28.7m shares.

EUROPE

Milan rises 1.7% on privatisation hopes

MILAN was cheered by signs that the government was finally coming to the market's rescue, while Nordic markets remained under a cloud, *writes Our Markets Staff.*

MILAN rose on hopes that later in the day, the government would announce which state-owned companies would be privatised first. There were also rumours that fiscal measures to boost equities, such as the abolition of the unpopular capital gains tax on share transactions, were under consideration. After the close, ministers leaving yesterday's weekly cabinet meeting indicated that Credito Italiano and Eni's engineering unit, Nuovo Pignone, were the two likely privatisation candidates.

The Comit index rose 6.15 or 1.7 per cent to 371.63 in turnover estimated at L150bn after L171.3bn on Tuesday.

Shares in Credito Italiano were suspended for excessive gains after they jumped 28 per cent early in the session. They were eventually fixed at L1,390, up L170 or 13.9 per cent. Banca Commerciale Italiana rose L110 or 4.5 per cent to L2,585. The state food group, Sme, was fixed L236 or 6.9 per cent higher at L3,650.

FT-SE Eurotrack 100 - Sep 9

Hourly changes

Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1027.21	1026.65	1024.46	1020.61	1022.43	1022.25	1021.59	1021.42

Day's High 1027.61 Day's Low 1020.07

Sep 8	Sep 7	Sep 4	Sep 3	Sep 2
1029.38	1032.28	1029.27	1031.46	1011.19

Base value 1000 (26/10/90)

STOCKHOLM fell 2.2 per cent to a year's low for the second consecutive session after another big rise in the key lending rate. The central bank raised its marginal lending rate to 75 per cent from 24 per cent to reverse the capital outflow and relieve pressure on the krona due to Finland's currency crisis. The Affärsvärlden General index dropped 15.7 to 712.5 in turnover of SKr430m after SKr456m.

Trygg-Hansa, Skandia and Gota requested a temporary suspension of trading in their shares ahead of information on anticipated losses stemming from Svenska Kredit and Gota. Svenska Kredit, controlled by Skandia and Trygg-Hansa, said later that it was suspending payments to creditors. Skandia's free shares closed unchanged at SKr58 after the suspension was lifted.

HELSINKI rose another 0.8 per cent after a 5 per cent gain on Tuesday, the Hex index closing 4.6 higher at 473.0. But analysts pointed out that Tuesday's effective devaluation of the markka meant a sizeable loss for foreign investors. After first day of the float, a 4.3 per cent gain for the FT-Actuaries Finland index in local currency terms reversed into a 8.2 per cent drop in dollar terms.

FRANKFURT reacted badly to news of a DM17bn draining of money market funds by the Bundesbank in its latest securities repurchase tender. The DAX index closed 19.29, or 1.3 per cent lower at 1,525.26 in turnover down from DM5bn to DM4.2bn. Leading share prices fell further after hours in London.

Kaufhof fell DM14 to DM416 on a market newsletter which estimated a particularly big drop in the company's turnover. Klöckner-Werke dropped another DM4.60 to DM75, taking its fall this week to DM8 after news of a prospective DM180m loss in its steel division this year.

PARIS came off the day's low to close just below the day's high, as the CAC-40 index finished 6.90 down at 1,756.77 in moderate turnover of FFr1.7bn.

BSN dropped FFr28 to FFr936 with 117,760 shares traded following its interim results. Although the headline figure was in line with expectations, James Capel said the operating margin fell from 11 per cent to 10.3 per cent and that the rise in earnings came essentially from a fall in net financial costs and in the tax rate.

The insurer UAP added FFr13 or 3.5 per cent to FFr390 while L'Air Liquide fell FFr15 to FFr726. Carrefour and Accor were also weaker, losing FFr8 and FFr15 to FFr2,092 and FFr517 respectively.

ZURICH got a modicum of balance from easier Swiss money market rates and a firm bond market. But the SMI index still fell 8.4 to 1,779.7 as EMS tensions and weak bourses elsewhere dampened sentiment.

BBC Brown Boveri ended SFr70 lower at SFr3,580 as selling pressure on Asea, its Swedish partner, spread to BBC. Ascom bearers fell another SFr80 to SFr1,380 after the telecoms equipment company said that profits could fall this year.

BRUSSELS fell back at the close as Delhaize, the most active issue, finished BFr15 lower at BFr1,500 after an intraday high of BFr1,530. The Bel-20 lost 2.61 to 1,066.05 in low turnover of BFr550m.

BBL gained BFr80 to BFr3,275 on reports that ING, the Dutch insurer, was about to increase its stake in the bank. BBL is due to release a statement today.

AMSTERDAM remained cautious with the CBS Tendency index easing 0.5 to 108.5. Ahold, the supermarket group, put on 80 cents to Fl 73.50 after forecasting strong profits growth by 1997 and a possible US acquisition next year. Grolsch fell Fl 9 or 4.1 per cent to Fl 210 on disappointing second-half earnings forecasts.

ASIA PACIFIC

Nikkei up 3.2% at best close since March

Tokyo

FUTURES-LINKED buying sparked a late-afternoon rally and the Nikkei average rose 3.2 per cent to its highest close since March 31, *writes Neil Weinberg in Tokyo.*

The Nikkei ended 593.13 up at 18,875.55 after an early low for the day of 18,208.25, and a high of 18,897.63 shortly before the close. Turnover, at 320m shares, was down from the previous day's 398m, as the market lacked direction for most of the day.

Advances outnumbered declines by 618 to 373, with 158 issues unchanged. The Topix index of all first section stocks put on 21.66 to 1,413.52, and in London the ISE/Nikkei 50 index firmed 1.80 to 1,145.94.

The nature of the day's trading was reflected in the preponderance of speculative issues among the 10 most active stocks, which together accounted for about one-quarter of the total market volume.

Mr Chris Ringer, equity sales manager at County NatWest Securities Japan, said foreign houses intent on covering short positions ahead of tomorrow's expiration of September futures undertook heavy index arbitrage, buying stocks in Tokyo and selling futures in Singapore.

Other market observers agreed that, barring a fundamental boost, such as an improved profit outlook or an economic upturn, the measures unveiled by the government to support stock prices were likely to do little more than prevent another precipitous fall in values.

Lacking fresh incentives, investors focused once again on speculative, theme-related stocks, with several recording daily limit gains. Nissin Food forged ahead Y400 to Y2,730 on news that it has signed an agreement with a UK company to develop and market an Aids cure.

Other biotechnology and pharmaceutical shares also surged, with Green Cross adding Y150 at Y1,880 and Meiji Milk Y50 at Y1,190. Rhythm Watch, which issued $50m in warrant bonds the previous day, jumped Y36 to Y446, while Isuzu Motors advanced Y23 to Y403 on reports that it has developed a ceramic engine.

A handful of petrochemical shares rose sharply on news that Mr Boris Yeltsin, the Russian president, is likely to push for additional investment in the development of his nation's natural resources during his forthcoming visit to Japan. Mitsui Petrochemical gained Y30 to Y615.

Nippon Telegraph and Telephone made its first advance in four sessions as brokerages focused on laggards. The telecoms giant was up Y18,000 at Y603,000.

In Osaka, the OSE average moved up 122.13 to 20,058.62 on volume of 23.1m shares. Nintendo rose Y100 to Y10,800.

Roundup

TOKYO'S rally had little effect in the Pacific Rim. Kuala Lumpur and Jakarta were both closed for a public holiday.

HONG KONG ended firmer, following Tokyo's rise and on optimism over a possible solution to the financing of Hong Kong's new airport. The Hang Seng index put on 26.4 to 5,726.99 in turnover of HK$1.51bn, up from the year's lowest of HK$1.14bn registered on Tuesday.

Most actively traded was HSBC, which rose HK$1 to HK$56, followed by Cheung Kong, up 30 cents at HK$22.80.

AUSTRALIA'S decline continued on worries about possible interest rate rises and a weak Australian dollar. The All Ordinaries index lost 23.0 to 1,478.9, its lowest close for 17 months. Turnover amounted to A$235.3m.

News Corp fell 98 cents to A$23.62, while Commonwealth Bank lost 15 cents to A$6.50 after reporting a 54 per cent drop in 1991/92 net profit.

BANGKOK rose sharply, led by banks and finance stocks. The SET index advanced 12.43 to 782.85 in turnover of Bt10.4bn. Bangkok Bank climbed Bt2.50 to Bt73.50 and Union Asia appreciated Bt10 to Bt113.

SEOUL ran into profit-taking on the eve of the three-day Chusok festival. The composite index fell 2.23 to 551.12 in turnover of Won335.59bn, after Won365.15bn.

TAIWAN ended slightly higher after a dull session. The weighted index closed 11.74 ahead at 3,770.12. Turnover contracted to T$16.3bn.

SINGAPORE closed easier with activity focused on speculative, over-the-counter Malaysian companies. The Straits Times Industrial index shed 8.66 to 1,368.54 in volume of 31.6m shares, against 40.5m.

MANILA saw quiet trading as the composite index fell 5.43 to 1,407.47 in combined turnover of 160m pesos.

BOMBAY'S BSE index dipped 2.77 to 3,201.46.

SOUTH AFRICA

Gold shares fell heavily as foreigners sold on fears of continued violence following Monday's massacre in Ciskei. The gold index fell 39 to 889 and the overall index lost 45 to a 12-month low of 3,085. Industrials fell 29 to 4,027.

FLC problems weigh on New Zealand sentiment

Terry Hall writes that the forestry heavyweight, with other blue chips, has led the market down

Fletcher Challenge (FLC), the New Zealand forestry-based conglomerate suffering from a wave of negative sentiment, hit a six-year low yesterday. Other leaders, including Lion Nathan, Brierley Investments and Carter Holt Harvey, also dragged equities back, masking the fact that prices of many second line stocks have remained buoyant.

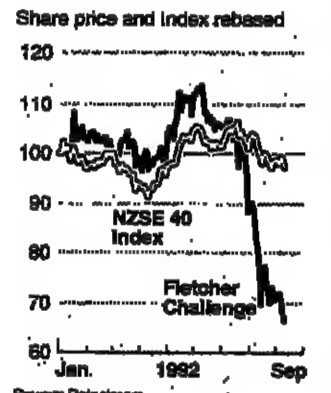
The NZSE-40 index closed 12.82 down at 1,459.96 yesterday, against a high this year of 1,597.45 on July 17. FLC has been the main factor in the fall, declining to NZ$2.22 yesterday, down from a mid-June peak of NZ$3.80. The latest bout of pressure dates from the annual profits announcement three weeks ago, although trading volume has been low.

The fall below NZ$2.30 raises concern over the future of the FLC employee trust, which holds around 21 per cent of the capital. At prices below NZ$2.30, FLC becomes liable to repay some of the debt incurred from borrowing to buy shares in the market on behalf of staff who pay for them on easy terms. These shares were bought at up to NZ$4, although the average is nearer NZ$3.50.

A total of US$230m is involved at yesterday's prices. A spokesman said that the formula for repaying debt did not start as soon as the price fell below NZ$2.30, adding that FLC's exposure, at worst, was only 2 per cent of total debt of NZ$8.4bn (US$4.5bn).

The group's current difficulties began with a wave of selling from Australia in late July, as rumours spread about the problems involving Jennings, its property associate. FLC had announced in late June that it would be writing off some NZ$400m of debt, mainly because of difficulties with Jennings, and that a change in accounting policies to conform with the US practice would produce a loss of around NZ$150m after extraordinary items for the year to June 30.

Share price and index rebased



Source: Datastream

In spite of its frankness – FLC confirmed in mid-August a loss of NZ$157m on a trading profit of NZ$305m – the rumours in Australia intensified. Meanwhile, FLC's difficulties in its Canadian and British pulp and paper operations were well known; the same applies to weaker prices for methanol, in which it is the world's biggest producer following the purchase of Cape Horn Methanol last year.

Late June saw drastic revisions in analysts' forecasts for the group, saying that the anaemic world recovery, especially in newsprint demand, would defer its forecast recovery by a year. Most analysts are predicting a profit of around NZ$330m for the current year to next June 30, and NZ$400m for 1993/94.

The market's second-liners are continuing to perform strongly. This is especially the case for stocks such as Ceramco, Steel and Tube, and Mair Astley, which have little or no debt and have been rewarding shareholders with substantial dividend increases. Many of these companies' shares have doubled, trebled or quadrupled in price in recent months.

Carter Holt Harvey, New Zealand's other forestry heavyweight, has held firm in spite of a seven-week strike at its former NZ Forest Products' plants. There is continuing speculation that International Paper, which manages the company under an agreement with Brierley Investments, will eventually seek to increase its 16 per cent holding.

Brierley Investments has seen its shares fall back from NZ$1 to around 85 to 86 cents, largely because of its ownership of Mount Charlotte, the UK hotel group.

For several years Fletcher Challenge and Brierley vied for the equity market's number one spot in market capitalisation terms: they are now at numbers three and four, having been replaced by Telecom and Carter Holt.

Lion Nathan weakened yesterday, losing 8 cents to NZ$4.25, after a high of NZ$4.85 earlier this year. This followed the announcement that a joint venture would own and manage the Pepsi soft drink franchise in both Australia and New Zealand. There had been some speculation that Lion Nathan would sell its Australian Pepsi franchise to the US soft drink giant, freeing up capital.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY SEPTEMBER 9 1992								TUESDAY SEPTEMBER 8 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	124.36	−0.8	93.35	96.84	91.23	114.97	−1.5	4.54	125.36	92.74	97.23	90.69	116.77	153.68	124.36	149.78
Austria (19)	156.70	−1.3	117.63	122.03	114.95	114.69	−0.1	2.55	158.82	117.50	123.19	114.90	114.84	186.70	139.27	184.01
Belgium (42)	143.84	−1.4	107.82	111.85	105.37	103.08	+0.0	5.97	145.67	107.77	112.97	105.38	103.10	152.27	135.87	130.37
Canada (114)	125.90	−0.7	94.51	98.04	92.35	110.67	+0.1	3.14	126.82	93.82	98.36	91.74	110.57	142.12	124.32	136.75
Denmark (33)	216.36	−1.7	162.42	168.50	158.71	160.30	−0.4	1.77	220.09	162.83	170.71	159.22	160.97	273.94	211.06	254.44
Finland (15)	53.09	−1.1	39.85	41.35	38.95	50.35	+0.8	2.80	53.66	39.70	41.62	38.82	49.93	89.80	53.09	95.41
France (102)	161.97	−2.0	121.59	126.13	118.81	122.15	−0.5	3.68	165.26	122.26	128.17	119.55	122.81	168.75	148.06	139.43
Germany (64)	118.24	−2.7	88.76	92.10	86.74	86.74	−1.3	2.64	121.47	89.86	94.22	87.87	87.87	129.69	114.42	110.19
Hong Kong (53)	235.52	+0.6	176.80	183.41	172.78	233.69	+0.6	3.61	234.14	173.22	181.60	169.39	232.32	259.55	176.36	165.31
Ireland (16)	157.32	−1.0	118.09	122.51	115.40	117.75	+0.1	4.49	158.91	117.56	123.25	114.96	117.63	173.71	151.78	160.65
Italy (78)	59.66	+0.7	44.94	46.62	43.91	48.15	+2.0	4.33	59.43	43.97	46.10	43.00	47.18	80.86	58.17	71.81
Japan (473)	115.24	+1.3	89.51	89.75	84.55	89.75	+1.8	0.95	113.72	84.13	88.20	82.28	88.20	140.95	87.27	127.83
Malaysia (69)	240.00	+0.0	180.16	186.89	176.05	230.25	+0.0	2.74	240.00	177.55	186.14	173.62	230.25	250.47	212.49	204.48
Mexico (18)	1287.67	−1.3	966.62	1002.79	944.60	4311.60	−1.4	1.39	1304.20	964.87	1011.54	943.51	4371.23	1789.77	1259.94	1199.49
Netherland (25)	164.98	−1.3	123.84	128.48	121.03	119.72	+0.0	4.69	167.16	123.67	129.65	120.93	119.67	167.29	147.88	141.20
New Zealand (14)	42.05	−0.4	31.56	32.75	30.84	41.25	−1.0	5.51	42.22	31.24	32.75	30.55	41.68	48.52	41.90	46.93
Norway (22)	139.65	−2.6	104.84	108.76	102.45	105.68	−1.4	2.29	143.38	106.07	111.20	103.73	107.23	192.95	136.40	200.96
Singapore (38)	192.93	−0.5	144.82	150.24	141.52	141.58	−0.4	2.34	193.92	143.46	150.40	140.28	142.09	229.63	180.71	197.85
South Africa (61)	177.04	−2.7	132.90	137.87	129.87	151.61	−1.8	3.36	182.00	134.65	141.16	131.66	154.33	263.60	177.04	244.92
Spain (46)	140.64	−3.1	105.57	109.53	103.17	97.49	−2.1	6.13	145.19	107.41	112.61	105.03	99.54	161.72	133.79	152.47
Sweden (30)	171.31	−3.7	128.60	133.42	125.68	130.67	−2.5	3.15	177.82	131.55	137.92	128.64	134.05	200.28	171.31	186.67
Switzerland (61)	115.57	−1.8	86.76	90.01	84.79	89.64	−0.4	2.39	117.73	87.10	91.32	85.18	89.96	117.73	95.99	94.64
United Kingdom (228)	181.02	−2.0	135.88	140.96	132.78	135.88	−0.6	5.41	184.72	136.66	143.25	133.62	136.66	200.07	165.85	182.12
USA (522)	169.67	+0.5	127.36	132.14	124.47	169.67	+0.5	2.99	168.91	124.96	131.01	122.20	168.91	173.10	160.92	156.26
Europe (783)	146.66	−2.0	110.09	114.21	107.59	109.32	−0.6	4.36	149.82	110.69	116.04	108.24	109.96	156.88	139.31	141.97
Nordic (100)	157.51	−2.9	118.24	122.67	115.55	114.75	−1.7	2.61	162.20	120.00	125.80	117.34	116.73	188.52	157.51	189.42
Pacific Basin (715)	118.99	+1.2	89.33	92.67	87.29	94.45	+1.5	1.29	117.62	87.02	91.23	85.09	93.05	141.97	93.70	129.34
Euro – Pacific (1498)	130.19	−0.3	97.73	101.38	95.50	100.46	+0.5	2.69	130.56	96.59	101.26	94.45	99.92	145.21	113.80	134.68
North America (636)	166.93	+0.4	125.31	130.01	122.47	165.65	+0.4	3.00	166.27	123.01	128.97	120.30	164.93	170.31	158.70	154.98
Europe Ex. UK (555)	125.73	−2.0	94.38	97.93	92.25	94.02	−0.6	3.62	128.24	94.87	99.48	92.79	94.58	132.96	121.81	118.30
Pacific Ex. Japan (242)	155.72	−0.1	116.90	121.29	114.24	140.52	−0.4	3.78	155.88	115.32	120.92	112.78	141.04	175.31	149.00	144.30
World Ex. US (1691)	131.20	−0.4	98.49	102.18	96.25	102.40	+0.5	2.70	131.66	97.40	102.12	95.25	101.93	146.91	116.18	136.55
World Ex. UK (1985)	139.60	+0.2	104.79	108.72	102.41	121.86	+0.6	2.50	139.30	103.06	108.06	100.79	121.15	150.58	127.21	138.39
World Ex. So. Af. (2152)	143.05	+0.0	107.38	111.41	104.94	122.81	+0.5	2.81	143.06	105.83	110.96	103.50	122.22	153.05	130.04	141.50
World Ex. Japan (1740)	159.35	−0.5	119.62	124.11	116.91	142.22	+0.0	3.52	160.21	118.53	124.28	115.92	142.24	165.40	153.20	151.13
The World Index (2213)	143.18	+0.0	107.48	111.51	105.04	123.10	+0.5	2.82	143.23	105.96	111.10	103.63	122.54	153.70	130.66	142.18

Constituent change with effect 10/9/92: Deletion: Fischer (George) (P.C.) (Switzerland). Malaysian market closed September 9.